



**THINK
OF
GROWTH**

**ANNUAL
REPORT 2013**

CONTENTS

7

MESSAGE FROM THE BOARD OF DIRECTORS

11

BOARD OF DIRECTORS

25

ECONOMIC CONDITIONS AND INDUSTRY REVIEW

29

PERFORMANCE AND PLANS

45

RISK MANAGEMENT AND RISK FACTORS

53

CORPORATE GOVERNANCE REPORT

75

MANAGEMENT DISCUSSION AND ANALYSIS

97

FINANCIAL STATEMENTS AND NOTES

203

SUPPLEMENTARY INFORMATION

THINK SCB

THINKING IS WHAT HAPPENS EVERY DAY
TO EVERYONE AT EVERY STAGE OF LIFE.
FROM THE DAY WE WERE BORN
WE THINK UNTIL OUR LAST BREATH.

THINK OF A DREAM
THINK OF CREATIVITY
THINK OF WHAT TO BE
THINK OF A FAMILY
THINK OF THE FUTURE
THINK OF OUR SOCIETY

THINKING IS A CREATIVE PROCESS
THAT CAN LEAD TO SOMETHING NEW,
A STARTING POINT FOR ALL OUR SUCCESSES.

WHAT IS SCB THINKING?

SCB THINKS BEYOND BUSINESS. WE THINK
OF RETURNING GOOD THINGS TO SOCIETY.

THINK OF CONSERVING THE ENVIRONMENT
THINK OF CULTURE AND TRADITION
THINK OF GREEN LOGISTICS
THINK OF YOUTH DEVELOPMENT
THINK OF HUMANKIND

SCB BELIEVES EVERY THOUGHT IS VALUABLE,
NO MATTER HOW BIG OR SMALL,
WHETHER BUSINESS OR PERSONAL.
WE WILL ALWAYS BE TOGETHER WITH YOU,
SIDE BY SIDE IN EVERY STAGE OF LIFE.

WHATEVER YOU THINK, THINK SCB.

OUR VISION

**TO BE THE BANK OF CHOICE FOR OUR
CUSTOMERS, SHAREHOLDERS, EMPLOYEES
AND THE COMMUNITY**

OUR MISSION

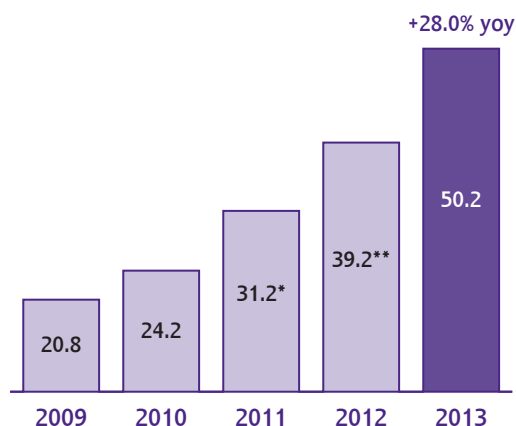
**TO BE THE BEST UNIVERSAL BANK
IN THAILAND**

2013
FINANCIAL HIGHLIGHTS

PROFITABILITY

2013 record net profit driven by both higher NII and strong non-NII growth

Net Profit
(Consolidated, Baht billion)



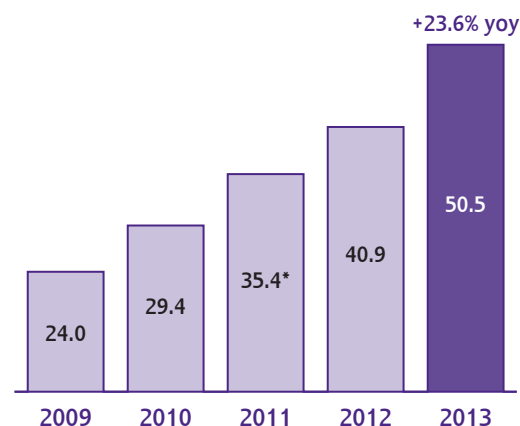
* Excluding Baht 5.1 billion one-time gain on SCB Life. If included, 2011 net profit would be Baht 36.3 billion.

** Following the adoption of deferred tax accounting in 2013, the prior year amounts for net profit have been restated. Before such restatement, 2012 net profit would be Baht 40.2 billion.

NON-NII GROWTH

Strong growth in net fees and premium, dividend, investment, and FX and trading

Non-NII
(Consolidated, Baht billion)



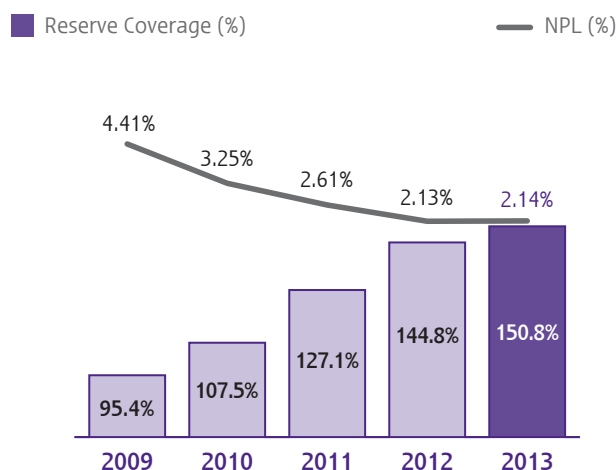
* Excluding Baht 5.1 billion one-time gain on SCB Life.

If included, 2011 Non-NII would stand at Baht 40.5 billion.

ASSET QUALITY

Stable non-performing loans ratio with rising reserve coverage

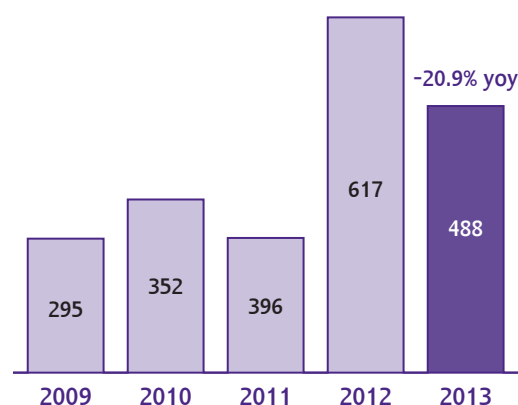
Non-performing Loans (%) and Reserve Coverage (%)
(Consolidated)



MARKET CAPITALIZATION

Despite the market volatility at the year-end, the SCB market capitalization remained the highest among Thai financial institutions

Market Capitalization*
(Baht billion)



* Calculated by using share price at the last trading day of each year



THINK OF
SAVING

THINK
SCB

MESSAGE FROM THE BOARD OF DIRECTORS



DR. VICHIT SURAPHONGCHAI

MR. ANAND PANYARACHUN

MRS. KANNIKAR CHALITAPORN

DEAR SHAREHOLDERS

After a few years of buoyant credit growth, the Thai economy took a cyclical turn for the worse from mid-2013 onward. As domestic consumption fuelling economic growth overheated and stalled, and the long-anticipated fiscal spending on infrastructure mega projects never really took-off, the underlying economy slowed, with credit growth running out of steam by the year-end. The ongoing political conflict, which had simmered in the distant background since mid-2010, resurfaced with a vengeance at year-end, turning an already bad economic situation much worse than anyone could have anticipated. Adding fuel to fire, the administrative and legislative organs of the government turned rudderless. There is seemingly no acceptable solution to the political storm that has engulfed the Kingdom. Thus, the Thai economy enters 2014 with a negative outlook and the distinct possibility of a prolonged down-cycle.

The Thai Economy in 2013

Thailand's economy slowed dramatically in 2013, with GDP growth falling to a below normal level of 2.9% from 6.4% in 2012. This sharp drop resulted when domestic consumption, the economy's major driver for the past few years, plateaued and lost momentum, in part due to the expiry of the fiscal incentives that the government had propagated, particularly for first-car purchases. Concurrently, private investment was stemmed by increasingly negative business sentiment, lackluster export growth in most categories, and the absence of any impetus to rebuild factories as had occurred in early 2012 following the

devastating floods. Moreover, the long-awaited infrastructure spending was deferred due to challenges to the legality of the funding modality and, over the past few months, by the prolonged political impasse. Lastly, tourism, while exceptionally strong in the first three quarters of the year, driven by significant increases from mainland China visitors, started to experience sharp drop-offs in the last two months of the year, as the political conflict spread to central Bangkok.

2013 Financial Results

The Bank reacted with caution to the headwinds from this volatile economic climate but, at the same time, seized the available opportunities for profitable growth. As a result it ended the year retaining its coveted **#1 position** in terms of **market capitalization** and profitability across the Thai financial sector and is now ranked **2nd** in terms of assets and lending, a notch higher than the previous year.

At the same time, we are honored to report that for the **fourth successive year** the Bank reported a **record-high net profit**. Net profit in 2013 reached a historic high for the Bank and the industry at Baht 50.2 billion, representing 28.0% year-on-year growth. Alongside net profit, earnings per share (**EPS**) climbed to Baht 14.78 in 2013 from Baht 11.54 in 2012. Return on average equity (**ROAE**) increased to 21.8% in 2013 from 19.7% the year before, while return on average assets (**ROAA**) rose to 2.1% from 1.9% the year preceding.

The substantial increase in net profit was attributable to: higher net interest income from continued broad-based loan growth as well as the changing mix of the lending portfolio; solid growth in net fee and insurance-premium income; exceptional gains in dividend and investment income; and higher income from trading and FX activities. These gains were partly offset by substantially higher prudential provisions (an increase of Baht 4,245 billion over 2013) despite a stable NPL ratio of 2.14% at the year-end and a higher coverage ratio of 150.8%. Also, despite a healthy dividend payout ratio, the Bank was able to maintain a solid Tier 1 capital base of 12.0%, using the new Basel III framework in determining capital adequacy.

Sustaining Profitability

The Board is pleased to present the Bank's first annual **Sustainability Report** – together with this Annual Report – setting out its engagement with stakeholders and its social and economic contributions to Thailand in 2013. In brief, the Bank's vision and commitment for sustaining profitability flows instinctively from its core values, which we have named “iSCB, comprising:

innovation – favoring innovative approach for all banking products and services;

Social Responsibility – being proactive in meeting the wider social obligations;

Customer focus – making customers feel needed and satisfied; and

Building our people – continually nurturing staff growth and capacity.

These values form the building blocks for two crucial outcomes: contributions to the real economy and assuming a leadership role in caring for the community.

The Bank's overall success has hinged on familiarity with sustainability issues and the consequent astute management of stakeholder relationships – employees and management of the Bank and its subsidiary companies, customers, creditors, business partners and competitors, and the public, all who entrust their capital or livelihood to the Bank – and outreach programs to communities, especially the younger members, which sustain the Bank's business transactions.

This steadfast regard for societal well-being has contributed most to the Bank's positive outcome in community care, which encompasses the attention the Bank pays to the environment and all its stakeholders, especially its employees. This effort aims to achieve a healthy society, one characterized by educated citizens who in turn sustain strong families and solid organizations: a society in which a rising tide of progress raises all boats. The Bank honors this goal through the efforts of both the Bank and the SCB Foundation.

While the Bank has an abiding recognition that its obligation to society is on par with its obligation to shareholders, this is the first year that it has compiled a systematic snapshot of how it meets these broader responsibilities. Writing this report has helped the Bank to uncover gaps between its aspirations and promises on the one hand, and its performance, on the other. This has encouraged the Bank to set new goals and new measurements for success at closing these gaps. In 2014, the Bank will be working to further embed these sustainability aspirations into core business practices.

Developments in Corporate Governance Practices

In 2013, the Board augmented its corporate governance best practices initiated in the prior year. These updates included:

- Completing the performance assessment of the Board, the chairman of the Board, individual directors and the Board committees by using the assessment forms revised in 2012 by an external consulting firm.
- Selecting and nominating candidates for directorship from the list of candidates proposed by shareholders and the directors, after giving due consideration to the candidates' qualifications, potential to add to diversity in terms of knowledge, competence, experience, status within the community, gender, etc.
- Arranging for the performance assessment of the chairman of the Executive Committee, the president, and senior executives against predetermined targets and performance criteria, as well as approving their compensation.

In addition, given the development in corporate governance standards (namely, the ASEAN Corporate Governance Scorecard, SET's corporate governance practices for listed companies, the Thai Institute of Directors' corporate governance report on Thai listed companies), the Board has revised certain policies and practices to meet more advanced standards, for example: the whistle blower policy, training of directors, and the limit on the number of board seats held by a director.

Changes in Board composition: At the 2013 AGM, the shareholders appointed Mr. Prasan Chuaphanich as an independent director and Pol.Gen. Adul Sangsingkeo as a director, representing the Ministry of Finance, replacing the seat vacated by the resignation of Mr. Sumate Tanthuanit and Prof. Thosaporn Sirisamphan, respectively. In addition, in July 2013, the Board appointed Mr. Apisak Tantivoravong as an advisor to the Board of Directors. The roles and responsibilities of the advisor requires attendance at meetings of the Board of Directors in order to provide advice and/or opinions on any matters assigned by the Board.

Outlook for 2014

Thailand's **political turmoil**, which commenced in late 2013, and continues through to the date of this report, has further dampened growth prospects for an already slowing Thai economy. The continued deadlock has negatively affected public investment, particularly the initiation of the infrastructure mega projects, business investment, consumer confidence, tourism arrivals in the seasonal peak in the first quarter and, potentially, foreign direct investment. If the conflict remains unresolved over the next few months, the outlook will deteriorate significantly. Assuming that the conflict will be resolved in the first half, Thailand's **GDP growth in 2014** will be in the region of 2.4%.

The only silver lining on the horizon is the improving global economic outlook in the developed markets, which should lead to export growth of about 5%. In addition, domestic spending should show moderate growth driven by an accommodative monetary policy, moderate inflationary pressure, the recent cut in personal income tax rates, and the sharp slowdown of household debt.

However, as the US Federal Reserve continues to taper its quantitative easing program, medium-to-long-term interest rates will no doubt rise, and Thailand might experience some level of capital outflows from its bond market, with consequent pressure on the Thai Baht as well as on most emerging market currencies.

This bleak economic landscape has led the Bank to rapidly adopt tactical strategies to response to the difficult challenges in 2014. This swift response will allow the Bank to maintain its competitive edge and continue to outperform the market. These tactical thrusts in 2014 will be centered on four core themes:

- reduce the cost of deposits to bring it in line with the major competitors;
- contain growth of operating expense;
- grow the fee and insurance-premium income base; and
- accelerate the build-up of capabilities of key customer-facing personnel as the Bank further develops its wealth-management franchise.

As always, we wish to end by thanking all our shareholders and customers for making SCB their **Bank of Choice**. Too, we place on record the Board's gratitude to the management and staff of the SCB Group for their passion and commitment toward making SCB Thailand's **best universal bank**.



Mr. Anand Panyarachun
Chairman of the Board



Dr. Vichit Suraphongchai
Chairman of the Executive Committee



Mrs. Kannikar Chalitaporn
President



THINK OF
SUCCESS

THINK
SCB

BOARD OF DIRECTORS



MR. ANAND PANYARACHUN
Chairman of the Board, Independent
Director and Member of the Corporate
Social Responsibility Committee

Mr. Anand commenced his distinguished career at the Ministry of Foreign Affairs after completing his Bachelor of Arts Degree (Hons.) in law from Trinity College, University of Cambridge, U.K. in 1955. Highlights of his career include service as Ambassador to the United States, Permanent Representative to the United Nations, and Permanent Secretary of the Ministry of Foreign Affairs. Since leaving the foreign service in 1979, Mr. Anand has been active in the world of business and international affairs. He was appointed by United Nations Secretary General Kofi Annan to chair the High-Level Panel on Threats, Challenges and Change, established to review the U.N.'s role in the world's rapidly changing political and security environment during the period of 2003-2004.

Mr. Anand is widely recognized for his pivotal role in the Kingdom's political development when he was called upon twice to serve as Prime Minister of Thailand in 1991-1992, and chaired the committee to draft a new constitution for the Kingdom in 1997. Mr. Anand has received 25 honorary degrees from various Thai and foreign universities for his distinguished roles in many areas. He is also a 1997 recipient of the prestigious Ramon Magsaysay Award.

Currently he serves as a UNICEF Ambassador in Thailand, Chairman of the Cambridge Thai Foundation, Chairman of the Green Globe Institute and is a Member of the Advisory Council of Transparency International and an Advisor to the Board of the Anti-Corruption Organization of Thailand

Mr. Anand has served as an Independent Director of the Bank since 1984, and was elected Chairman of the Board in 2007. He brings an unparalleled perspective on the macro-level challenges facing the Bank and plays an important role in promoting good governance and corporate social responsibility within the Bank.



DR. VICHIT SURAPHONGCHAI
Director, Chairman of the Executive
Committee and Member of the Corporate
Social Responsibility Committee

Dr. Vichit holds a Bachelor's Degree in engineering from Chulalongkorn University, a Master's Degree in engineering from the University of California, Berkeley and an MBA and a PhD from the University of California, Los Angeles.

Dr. Vichit commenced his long and illustrious career in banking in 1977 at Bangkok Bank PCL, and at the time he left he was serving as its President. Later, he joined the Royal Thai Government as the Minister of Transport and Communications (1994-1995). He returned to the banking world in 1998 as the Chairman of Radanasin Bank PCL and thereafter, in December 1999, he joined SCB as the Chairman of its Executive Committee and a Member of its Board of Directors. Dr. Vichit also serves, concurrently, as a Member of the Supervisory Board of Kempinski AG in Switzerland, and as an Advisor to the Bureau of Crown Property, Thailand.

Since joining SCB, he has provided the vision, drive and leadership to transform SCB's franchise and dramatically restore its competitiveness and profitability – one of the most successful corporate transformations in Thai economic history. Today, SCB has the highest market capitalization for a Thai financial institution, has received a number of international and domestic awards and accolades as the 'best Thai bank,' and is widely recognized as the premier universal bank in the country. With the Bank's stability and sustainable growth in mind, Dr. Vichit anchored its transformation on the formation of a high-caliber executive management team and the establishment of a program to nurture development of its next generation of leaders.

Dr. Vichit has made substantial contributions to the development of educational programs within the country through his former roles as a Member of the Senate of Mahidol University, a Member of the National Education Commission, a Council Member of the National Institute of Development Administration Council (NIDA) and as a Trustee of the Asian Institute of Technology (AIT).



MR. MARIS SAMARAM
Independent Director and Chairman
of the Audit Committee

Mr. Maris holds a Bachelor's Degree in accounting from the University of the East (Philippines), and attended Harvard Business School's Program for Management Development. Mr. Maris commenced his auditing career in 1961 and qualified as a CPA with the SGV Group in the Philippines. In 1967, he was transferred to Bangkok with a mandate to develop a new location for the Group in Thailand. In 1974, he was admitted as a Partner at SGV-Na Thalang, appointed Country Managing Partner in 1978, and assumed the Chairmanship in 1992. He retired from SGV-Na Thalang in 2001.

Besides his independent advisory assignments, he is also an Independent Director and Member of the Audit Committee of Indorama Ventures PCL, and serves as an Independent Director and the Chairman of the Audit Committees of Tata Steel (Thailand) PCL and Akara Resources PCL. In addition, he has been appointed as a Member of the Executive Committee of the Harvard Club of Thailand.

With his 40 years of experience in a major regional audit firm and in his capacity as Chairman of the Audit Committee, Mr. Maris brings to the Bank outstanding credentials for enhancing the effectiveness of its audit policies, practices and procedures.



PROFESSOR VICHARN PANICH, M.D.
Independent Director and Chairman
of the Corporate Social
Responsibility Committee

Prof. Vicharn holds an MD degree from the Faculty of Medicine, Siriraj Hospital and a Master's Degree in human genetics from the University of Michigan, U.S.A. He has held senior positions at Prince of Songkhla University, such as Dean of the Faculty of Medicine and Vice President of the University. Prof. Vicharn was the Founding Director of the Thailand Research Fund (TRF) and was re-elected to serve in the position for eight years. At TRF, he pioneered research management systems for Thailand. He continues to serve as a Special Advisor to the TRF and served as Director of the Knowledge Management Institute (KMI), where he pioneered knowledge management development for Thailand, until 2008.

He currently serves as Chairman of the Knowledge Management Institute Foundation. He has been appointed as Chairman of the Mahidol University Council, Vice Chairman of Arsomsilp Institute, and Member of the Councils of Prince of Songkhla University and Chiang Mai University.

Prof. Vicharn has also served on the boards of many organizations and foundations, including as Chairman of the International Health Policy Program Foundation, Member of the Boards of the Health Intervention and Technology Assessment Program Foundation, the Medical Division of the Ananda Mahidol Foundation, and the Prince Mahidol Award Foundation Under Royal Patronage.

Prof. Vicharn brings his experience with projects linked to academia and the community, contributing a unique perspective to the Board in successfully carrying out its initiatives in knowledge management and corporate social responsibility.

BOARD OF DIRECTORS



MR. CHUMPOL NALAMLIENG
Independent Director and Chairman
of the Nomination, Compensation and
Corporate Governance Committee

Mr. Chumpol holds a Bachelor's Degree in mechanical engineering from the University of Washington, U.S.A., and a Master's Degree in business administration from Harvard Business School, U.S.A. Mr. Chumpol is widely recognized as a management expert with a strong and extensive background in business and finance, both at the local and international levels. He was President of Siam Cement PCL during 1993-2005 and was Chairman of the Board of Directors of Singapore Telecommunications Ltd., during 2004-2011.

Presently, Mr. Chumpol is a Member of the Board and Member of the Remuneration Committee of Siam Cement PCL and Director of Dole (Thailand) Co., Ltd., Siam Sindhorn Co., Ltd., CPB Equity Co., Ltd., Kempin Siam Co., Ltd., and Kempinski Hotels S.A.

As an Independent Director of Siam Commercial Bank and Chairman of the Nomination, Compensation and Corporate Governance Committee, Mr. Chumpol provides the Bank with an expert perspective on organizational development and corporate governance issues.



**ASSOC. PROF. DR. KULPATRA
SIRODOM**
Independent Director and Member
of the Audit Committee

Assoc. Prof. Dr. Kulpatra earned a BBA (First-Class Honors) in finance from Thammasat University under a King Bhumibol Scholarship; an MBA in finance from West Virginia University, U.S.A.; and a PhD in finance from the University of Pittsburgh, U.S.A.

Assoc. Prof. Dr. Kulpatra held the position of Dean of the Faculty of Commerce and Accountancy, Thammasat University, during April 2010 – March 2013, and presently serves as a full-time member of the Faculty's Department of Finance. She also serves as a Committee Member for a number of organizations and private companies, including as an Independent Director and Chairman of the Audit Committee of Thai President Foods PCL, an Independent Director and Member of the Audit Committee of President Bakery PCL, an Independent Director and Chairman of the Audit Committee and the Corporate Governance Committee of Thai Wacoal PCL, an Advisor to the Federation of Accounting Professions, an Expert Member of Sripatum University Council, and a Member of Southeast Bangkok College Council. In addition, she has been appointed as a Member of the Risk Management Sub-Committee of the Government Pension Fund, an Expert Member on risk management of the Investment Risk Management Sub-Committee of the Social Security Fund, an Expert Member of the Policy Committee on Public-Private Partnerships in State Undertaking, and an evaluator for Government Funds, the Comptroller General's Department.

As an Independent Director and a Member of the Audit Committee, Assoc. Prof. Dr. Kulpatra provides the Board with an expert perspective on financial and risk management matters.



MR. EKAMOL KIRIWAT
Independent Director and Member
of the Audit Committee

Mr. Ekamol holds a Bachelor's Degree (Magna Cum Laude) in economics from Dartmouth College, U.S.A., and a Master's Degree in finance from the Harvard Graduate School of Business Administration, U.S.A.

Mr. Ekamol is an expert in money and capital markets. During 1990-1995, he was an executive at the Bank of Thailand, serving in various capacities, including Deputy Governor, Assistant Governor and Director supervising the International Strategy Office and Financial Institution Application and Examination Department. Mr. Ekamol also served as Secretary General of the Securities and Exchange Commission. He was a Member of Parliament during 2001-2004. From 2004 until today, Mr. Ekamol has held the position of Chairman of K.C. Property PCL.

With his expertise in money and capital markets supervision, including finance, Mr. Ekamol has had an important role in the Bank's financial management oversight, and he has also played a key role in the work of the Bank's Audit Committee.



MR. PRASAN CHUAPHANICH
Independent Director and Member
of the Audit Committee

Mr. Prasan obtained a Bachelor of Accounting (Second Class Honors) degree and a Diploma in Auditing from the Faculty of Commerce and Accountancy (now the Chulalongkorn Business School) of Chulalongkorn University. In addition, he received training at several distinguished institutions, such as the Executive Management Program at the Richard Ivey School of Business, University of Western Ontario, Canada, and the Leading Professional Services Firms Course from Harvard Business School, U.S.A.

Mr. Prasan has accumulated more than 35 years of experience in the accounting profession, including working for the Jaiyos Auditing Firm (now Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd.) and Coopers & Lybrand (now PricewaterhouseCoopers Co., Ltd.), both in Thailand and the U.K. His last position at PricewaterhouseCoopers was as Executive Chairman.

Mr. Prasan currently serves as a Certified Public Accountant, and is Vice President and Chairman of the Auditing Standards Committee at the Federation of Accounting Professions under the Royal Patronage of His Majesty the King. He also holds the Chairmanship of three Sub-Committees under the Federation, i.e., CPA Examination Sub-Committee, CPA Examination Management Sub-Committee, and Information System Development Sub-Committee. In addition, he serves as an Expert Member of the General Insurance Fund under the Ministry of Finance, and an Independent Director of Nam Heng Concrete (1992) Co., Ltd. as well as Thai Solar Energy Co., Ltd.

Mr. Prasan's wealth of experience and expertise in the accounting area has not only brought an astute perspective to the Bank's Audit Committee but also provides valuable contribution to the Board.

BOARD OF DIRECTORS



**DR. CHIRAYU ISARANGKUN
NA AYUTHAYA**

Director and Member of the Corporate
Social Responsibility Committee

Dr. Chirayu holds a degree in economics (Hons.) from the London School of Economics, U.K., and a PhD in economics from the Australian National University. Starting his career as an economist at the Department of Technical and Economic Cooperation, he went on to serve as Dean of the School of Development Economics at the National Institute of Development Administration (NIDA). During 1981-1986, he was appointed to the Cabinet of the Royal Thai Government and served as Deputy Minister of Industry, Minister of Industry, and as a Minister attached to the Prime Minister's Office. Since 1987, Dr. Chirayu has managed the diverse holdings and investments of the Crown Property Bureau as Director General, and at the same time served in the prestigious position of Grand Chamberlain to the Royal Household.

Dr. Chirayu also serves as Director for several organizations in Thailand, including the Chaipattana Foundation, the Phra Dabos Foundation, the Siriraj Foundation, Secretary General of the Sai Jai Thai Foundation and the Royal Project Foundation, Treasurer of the Foundation of the Promotion of Supplementary Occupations and Related Techniques of Her Majesty Queen Sirikit of Thailand, and Chairman of the National Institute of Development Administration Council (NIDA). He has also been appointed as Chairman of the boards of Siam Cement PCL and Deves Insurance PCL.

As a Bank Director, Dr. Chirayu has reinforced the Bank's strong drive for sustainable social responsibility.



**MOM RAJAWONGSE
DISNADDA DISKUL**

Director and Member of the Corporate
Social Responsibility Committee

Mom Rajawongse Disnadda holds a degree in business administration from Indiana University, U.S.A. He worked for the National Economic Development Board (later the National Economic and Social Development Board) until 1967, when His Majesty the King appointed him to serve as the Private Secretary to Her Royal Highness Somdej Phra Srinagarindra, the Princess Mother. M. R. Disnadda served as Private Secretary to H.R.H. the Princess Mother until Her Royal Highness passed away.

M. R. Disnadda is a Director and Secretary General of the Mae Fah Luang Foundation Under Royal Patronage, a position he has held since the Foundation was established in 1972 to carry out the development initiatives of the late H.R.H. the Princess Mother. Since 1988, he has also served as Chairman and Director General of the Doi Tung Development Project in Chiang Rai, a Royal Initiative of H.R.H. the Princess Mother. In recognition of his achievements, the Royal Thai Government requested him to extend his experience at the Doi Tung Development Project to the Union of Myanmar, Afghanistan and Indonesia's Aceh Province.

M. R. Disnadda also holds several other significant positions, such as Secretary General and Director of the Royal Innovation Foundation, Chairman of Rakkaew Foundation, Director of The Princess Mother's Medical Volunteer Foundation, and Advisor to the Crown Property Bureau.

As a Director and Member of the Corporate Social Responsibility Committee, M. R. Disnadda provides the Bank with unmatched experience in sustainable development issues.



**KHUNYING JADA
WATTANASIRITHAM**
Independent Director, Member
of the Corporate Social Responsibility
Committee, and Member of the
Nomination, Compensation and
Corporate Governance Committee

Khunying Jada holds Bachelor's and Master's Degrees in natural sciences and economics from the University of Cambridge, U.K., and a Master's Degree in economic development from Williams College, U.S.A. Khunying Jada commenced her career in banking at the Bank of Thailand before joining the Siam Commercial Bank in 1975. She was appointed the Bank's President and CEO in 1999 and retired from the post in February 2007. Currently, she is a Member of the Board of Directors of the Bank and serves on the Bank's Corporate Social Responsibility Committee, and Nomination, Compensation and Corporate Governance Committee.

She was bestowed the Royal decoration of Chulachomklao with the title Khunying in May 2000. In 2006, Khunying Jada served as Chairperson of the Thai Bankers' Association and was appointed a Member of the National Legislative Assembly. She also received the prestigious "Best CEO of the Year 2006" award from the Stock Exchange of Thailand.

Khunying Jada also serves as Chairperson, SCB Life Assurance PCL; Chairperson, Siam Commercial Samaggi Insurance PCL; Chairperson, Siam Paragon Development Co., Ltd.; Independent Director, Minor International PCL; and in positions at a number of academic and non-profit organizations.



MS. SUPA PIYAJITTI
Director and Member of the
Nomination, Compensation and
Corporate Governance Committee

Ms. Supa holds a Bachelor's Degree in accounting and Bachelor's Degree in law from Thammasat University, as well as a Master's Degree in public administration from the National Institute of Development Administration (NIDA).

Ms. Supa has extensive experience of more than 20 years at the Ministry of Finance and held various key positions at the Ministry and other organizations, namely as Director General of the State Enterprise Policy Office (SEPO), Deputy Director General of the Comptroller General's Department, Vice Chairperson of the Financial Institutions Development Fund, Director of the Agricultural Futures Trading Commission (AFTC) and Director of Bangchak Petroleum PCL. Ms. Supa presently serves as Deputy Permanent Secretary, Ministry of Finance. She also serves as Chairperson of the Board of National Credit Bureau Company Limited (NCB)

Ms. Supa brings to the Board her extensive perspectives and expertise on fiscal and monetary matters, accounting and laws.

BOARD OF DIRECTORS



MR. ROBERT RALPH PARKS
Independent Director and Member
of the Nomination, Compensation and
Corporate Governance Committee

Mr. Parks earned a Bachelor of Arts degree from Rice University and an MBA degree from Columbia University Graduate School of Business, both of the U.S.A.

Mr. Parks has over 35 years of experience in investment banking and has held senior management positions in the Asia-Pacific region, Europe and the United States. He started his investment banking career with Merrill Lynch in 1970, and during his time there spent several years in Asia. Prior to becoming a Partner of the Beacon Group, he was a Partner of Goldman Sachs & Co., where he was involved in the establishment and management of the firm's investment banking services operations in Europe. He became Chairman and CEO, Asia-Pacific, of J.P. Morgan in early 2001 and retired from the firm at the end of 2006.

During 2007-2012, Mr. Parks was appointed as the Chairman of Oaktree Capital (Hong Kong) Limited covering the Asia-Pacific region. He is now serving as a Director of Gobi Mongolia Fund, Pear Tree Point School and Rice University.

With his wealth of experience in financial business as a senior executive of these international firms, Mr. Parks has provided feedback and guidance for the Bank's management development and governance.



POL.GEN.ADUL SANGSINGKEO
Director and Member of the Nomination,
Compensation and Corporate
Governance Committee

Police General Adul earned a BA in public administration from the Royal Thai Police Cadet Academy and a Master of Arts Degree in social development from the Faculty of Social Science, Kasetsart University. In 2013, he was awarded an Honorary Doctor of Science Degree in information and communications technology from Nakhon Phanom University. He also received additional training in several areas, such as the National Defense Course of the National Defense College, the Senior Management Course of the Capital Market Academy, the Advanced Justice Administration Course of the National Justice Academy, the Top Executive Program in Commerce and Trade, and several others.

Appointed Commissioner-General of the Royal Thai Police in October 2012, he continues to serve in that position. Prior to that, he served as Deputy Commissioner-General of the Royal Thai Police, Secretary-General of the Narcotics Control Board, Assistant Commissioner of the Royal Thai Police, Commissioner of Provincial Police Region 9 responsible for the three southernmost provinces, and Commissioner of Provincial Police Region 3, and other positions.

In the private sector, Police General Adul also presently serves as an Independent Director at Thai Oil PCL, and Director of Thai Airways International PCL.

With his long accumulation of experience in public administration and in senior management of state agencies, Police General Adul provides many valuable contributions to the Board.



Mrs. Kannikar holds a Bachelor's Degree in business from the University of Colorado and attended the Advanced Management Program at Harvard Business School. Prior to joining the Bank, she worked with Unilever Thailand for 32 years. During her years at Unilever she played a critical role in dramatically improving its market share and profitability in Thailand through the application of modern marketing concepts.

Mrs. Kannikar joined the Bank's Board in 2002, and the senior management team in 2003. In her role as head of the Retail Banking Group, she brought a fresh, invigorating and consumer-focused perspective to the Bank's retail business, and is widely recognized as the architect behind the hugely successful transformation of the Bank's retail franchise.

Mrs. Kannikar was appointed President of the Bank in 2007. She has been the recipient of the prestigious "Financier of the Year 2007" award from Money & Banking magazine, "The Asian Banker Achievement Award for Women in the Financial Services Industry 2007" from The Asian Banker magazine, the "ASEAN Outstanding Women Entrepreneurs" award from the Vietnam Chamber of Commerce and Industry in 2008, the "Best CEO Award - SET 2009" from the Stock Exchange of Thailand, the "Best CEO" award in 2009, and the "Best CEO in Financial Group of Business" award from the Securities Analysts Association of Thailand in 2011. In the latest regional accolade, in 2012 she was named one of the most powerful and most influential board-level executives in Southeast Asia by Alpha Southeast Asia magazine.

Under her leadership, the Bank has grown steadily and vigorously to become Thailand's second-largest commercial bank in terms of total assets and loans, and the largest in terms of market capitalization.



Mr. Asavanich holds a Bachelor of Laws Degree from Thammasat University and a Master of Comparative Jurisprudence Degree and Master of Laws (General) Degree from New York University, U.S.A. He is also a Thai Barrister-at-Law. He also attended the Stanford Executive Program at Stanford University, U.S.A.

Mr. Asavanich has over 30 years of experience as a legal practitioner. In 1976, he was trained at a law firm in New York and, upon his return to Thailand that year, became the Managing Partner of B&N Legal Office. Subsequently, he joined the Petroleum Authority of Thailand as Director of its Legal Division before joining The Siam Cement Public Company Limited as its Group General Counsel. Later, he was appointed as the Managing Director of Cementhai Legal Counsel Limited. From 2006 to 2008, Mr. Asavanich was appointed by Royal Command as a Member of the National Legislative Assembly.

Mr. Asavanich currently serves as an Adviser to the President and CEO of The Siam Cement Public Company Limited, a Director of SCG Legal Counsel Limited, and Senior Vice Chairman of the Federation of Thai Industries. He also serves as a Member of several legal committees under various government and private agencies.

Mr. Asavanich has served as a Member of the Board of Directors and the Executive Committee of The Siam Commercial Bank Public Company Limited since 2002 and, concurrently in 2008, was appointed as a Senior Executive Vice President and Group General Counsel to oversee the Bank's legal and compliance matters. His legal experience is of immense value to the Bank.

ADVISOR TO THE BOARD



MR. APISAK TANTIVORAWONG
Advisor to the Board

Mr. Apisak holds a Bachelor's Degree in chemical engineering from Chulalongkorn University and a Master's Degree in business administration from the University of Tennessee, U.S.A.

Mr. Apisak possesses a long accumulation of experience and expertise in the banking and financial sector. He held senior positions in financial institutions and other organizations, such as Senior Executive Vice President of Industrial Finance Corporation of Thailand, President of Bangkok Commercial Asset Management Co., Ltd., President of Siam City Bank PCL, President of Krungthai Bank PCL, Chairman of the ASEAN Bankers Association, and Chairman of The Thai Bankers Association.

Besides performing his role as an Advisor to the Board of Directors, Mr. Apisak concurrently holds various other positions, i.e., as Vice Chairman of the Investment Committee of Charoen Pokphand Group Co., Ltd., an Independent Director and Chairman of the Risk Management Committee of Thai Oil PCL, an Independent Director of Synnex (Thailand) PCL and Indorama Ventures PCL, Chairman of the Board of Directors of Quality Houses PCL, and an Independent Director, Member of the Audit Committee, and Chairman of the Risk Management Committee of Bangkok Glass PCL.

As an expert with extensive experience in banking and financial business, Mr. Apisak provides the Board with valuable advice and perspectives.

SENIOR EXECUTIVE OFFICERS

DR. VICHIT SURAPHONGCHAI

Director, Chairman of the Executive Committee,
and Member of the Corporate
Social Responsibility Committee

MRS. KANNIKAR CHALITAPORN

President

MR. BODIN ASAVANICH

Senior Executive Vice President, Group General Counsel

For profile of Dr. Vichit Suraphongchai, please refer to page 11 and
Mrs. Kannikar Chalitaporn & Mr. Bodin Asavanich, please refer to page 18.



MR. DEEPAK SARUP

Senior Executive Vice President, Chief
Financial Officer & Head, Finance Group
and Change Program

Deepak Sarup serves as the Senior Executive Vice President and Chief Financial Officer (CFO) of Siam Commercial Bank. His specific responsibilities include managing the Group finance function and the Bank's ambitious and far-reaching transformational Change Program. Immediately prior to assuming CFO responsibilities in 2008, he served as the Group Chief Information Officer of Siam Commercial Bank PCL. for about five years. During this period he led the successful drive to transform the Bank's IT platforms and related processes, as a result enabling substantial business growth and market share gains. Before joining the Bank in January 2002, he was Managing Director of the Asia-Pacific operations of a Fortune 500 multinational, with leadership responsibilities for offices in 10 countries across the region covering sales, services and major project implementation. He commenced his career in 1976 in the London office of Touche Ross & Co. (now Deloitte & Touche). He is a Fellow of the Institute of Chartered Accountants in England and Wales, a Certified Information Systems Auditor, and a Fellow of the Wharton School, University of Pennsylvania. He has served as the International President of the Information Systems Audit and Control Association Inc. (1991-1993), and on the IT Committee of the International Federation of Accountants (1995-2001).



MR. YOKPORN TANTISAWETRAT

Senior Executive Vice President,
Chief Risk Officer

Khun Yokporn has been with the Bank since 1977, after earning a Bachelor's Degree in economics from Chulalongkorn University. After that Khun Yokporn earned a Master's Degree in economics from Thammasat University. His work experience covers the areas of economic research, credit and capital markets. Khun Yokporn was appointed Senior Executive Vice President of the Risk Management Group in 2006, responsible for developing risk management as a core competency for the Bank. Khun Yokporn was appointed Chief Financial Officer in 2007, and returned to the position of Chief Risk Officer in April 2008.



MR. YOL PHOKASUB
Senior Executive Vice President,
Group Head, Retail and
Business Banking Group

Khun Yol holds a Bachelor's Degree (Hons.) in computer science and software engineering from Imperial College, University of London. Prior to joining the Bank in 2007 as head of the Retail Banking Group, Khun Yol had extensive experience in the retail consumer product business. During 1989-2006 he worked with Unilever Thailand, where his last position was Managing Director of Unilever Foods and Board Member of Unilever Thailand. After that, Khun Yol joined the Dutch Mill Group, where he served as Chief Operating Officer. In June 2007, Khun Yol joined the Bank as Senior Executive Vice President, Retail Banking Group. In October 2013, Khun Yol's responsibility was expanded to cover the Bank's SME-related business in the position of Senior Executive Vice President, Retail and Business Banking Group.



MR. ARTHID NANTHAWITHAYA
Senior Executive Vice President,
Group Head, Wholesale Banking Group

Khun Arthid earned his Bachelor's Degree in economics from Chulalongkorn University before going to Sasin Graduate Institute of Business Administration for his MBA in finance. He has a strong background in capital markets and treasury, having worked in the finance and banking industries for 15 years. He started his career at Siam Commercial Bank in 1994 before moving to Cargill Financial Services to become hedge fund manager in 1998. He then worked for Standard Chartered Bank for nine years, where he established a strong footprint with his capital markets team. His last position at Standard Chartered Bank was Managing Director and Regional Head of Capital Markets, Southeast Asia. Khun Arthid rejoined the Bank as Senior Executive Vice President of Corporate Banking Group 2 in 2008, also acting as head of GMTS Group since September 2009. In January 2011, the Bank reorganized the Corporate Banking Group and related product and operation groups under a single umbrella to form the Wholesale Banking Group. This Group meets customer needs across all wholesale market segments and increases the Bank's readiness to face intensifying competition. Khun Arthid was assigned to take responsibility for this important Group from its formation.



MR. SARUNTHORN CHUTIMA
Senior Executive Vice President,
Group Head, Special Business Group

Khun Sarunthorn has 28 years of experience in corporate lending. He joined the Bank after graduating from Chulalongkorn University with a Bachelor's Degree in accounting and earning his MBA from Ohio University (U.S.A). He managed project finance and became Manager of Corporate Department 4, where he was responsible for corporate lending to the energy and petrochemical sectors prior to his appointment to ITV Co., Ltd. in 1996 as that company's Managing Director and the Bank's representative. After completing his mission to divest the Bank's controlling stake in ITV, he returned to the Bank to resume his work with large corporate clients. He was promoted to the post of Executive Vice President, Corporate Division 1 in 2003. Subsequently, he was promoted to First Executive Vice President, Special Situations Group in February 2009 in order to provide practical advice for restructuring debts and develop a system to protect against new NPL formation for customers adversely affected by changes in the economic environment. In December 2010, Khun Sarunthorn was appointed to Senior Executive Vice President, Special Business Group, which is responsible for monitoring and preventing new NPLs arising from such external factors as floods; managing the bulk of the Bank's portfolio of non-performing loans (NPLs) and non-performing assets (NPAs); and providing practical advice for restructuring debts.

SENIOR EXECUTIVE OFFICERS



MR. BANESH PRABHU
Senior Executive Vice President,
Group Head, Technology and
Operations Group

Joining SCB in June 2013, Mr. Banesh Prabhu is a technology management and financial solutions veteran with over 30 year of experience with international financial firms and institutions. His expertise in technology and operations for financial institutions and software consultancies enhance and add value to the Bank's financial solutions for both domestic banking services and regional expansion. He held several senior global roles in operations and technology for 23 years in Citibank, where he was responsible for developing strategy and managing implementation of global delivery as well as servicing clients in international markets. Certified as a Chartered Accountant by the Institute of Chartered Accountants of India, he holds a Bachelor's Degree in general law and a Bachelor of Commerce Degree from the University of Bombay.

EXECUTIVE OFFICERS*

FIRST EXECUTIVE VICE PRESIDENT

Mrs. Apiphan Charoenanusorn
Dr. Arak Sutivong
Ms. Araya Phuphanich
Mrs. Bussakorn Puttinan
Dr. Ellen Nora Ryan
Mr. Grish Attagrish
Ms. Jamaree Ketrakool
Mrs. Kannika Ngamsopee
Mr. Kiradit Arromdee

Mr. Krieng Wongnongtaey
Mr. Narong Srichukrin
Mrs. Ongorn Abhakorn Na Ayuthaya
Ms. Phanporn Kongyingyong
Mrs. Pikun Srimahant
Mrs. Pimolpa Suntichok
Mr. Pongsit Chaichutpornasuk
Mr. Rungruang Sukkirdkijpiboon
Mr. Sarut Ruttanaporn

Mr. Smith Banomyong
Dr. Sutapa Amornvivat
Mrs. Sutharntip Phisitbuntoon**
Mr. Suthipat Serirat
Mr. Thun Reansuwan
Ms. Vorada Thangsurbkul
Mr. Wasin Saiyawan
Mr. Worawat Suvagondha

EXECUTIVE VICE PRESIDENT

Dr. Amarit Laorakpong
Mr. Aphsak Kiewkarnkha
Mr. Artapong Porndhiti
Mr. Chanmanu Sumawong
Mr. Chatri Sotangkur
M.L. Chiradej Chakrabandhu
Ms. Kluaymai Devahastin
Ms. Lilly Ngamtrakulpanit**
Mr. Manop Sangiambut
Mr. Nopadol Mungonchai
Ms. Pakachat Taychaburapanone

Mr. Parnu Chotiprasidhi
Mr. Pises Sethsathira
Mr. Pornthep Panyarachun
Mr. Rungsan Ongsaranakom
Mr. Rungsi Vongkitbuncha
Ms. Salisa Hanpanich
Ms. Saranya Vajakul
Ms. Siripen Olankijcharoen
Mr. Sirote Vichayabhai
Mr. Somchai Sanyalaksiri
Mr. Sopon Asawanuchit**

Ms. Soramon Inkatanuvatana
Mr. Suphap Tantiyaporn
Mr. Suripong Tantiyanon
Mr. Tawatchai Cheevanon
Mr. Teerapol Rattakul
Mr. Thana Kungbunpot
Mrs. Siribunchong Uthayophas
Company Secretary

* As of January 6, 2014

** Khun Sutharntip Phisitbuntoon
retired from the Bank since
February 28, 2014

Khun Sopon Asawanuchit resigned
from the Bank since February 10, 2014
Khun Lilly Ngamtrakulpanit resigned
from the Bank since March 1, 2014

ORGANIZATION STRUCTURE

GOVERNANCE STRUCTURE

BOARD OF DIRECTORS

Board Committees

EXECUTIVE COMMITTEE
(Chairperson: Dr. Vichit Suraphongchai)

AUDIT COMMITTEE
(Chairperson: Mr. Maris Samaram)

NOMINATION, COMPENSATION, AND CORPORATE GOVERNANCE COMMITTEE
(Chairperson: Mr. Chumpol Nalamlieng)

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE
(Chairperson: Prof. Vicharn Panich)

ADVISOR TO THE BOARD OF DIRECTORS
(Mr. Apisak Tantivorawong)

Management Committees

MANAGEMENT COMMITTEE
(Chairperson: Mrs. Kannikar Chalitaporn)

PEOPLE DEVELOPMENT COMMITTEE
(Chairperson: Dr. Vichit Suraphongchai)

CHANGE PROGRAM STEERING COMMITTEE
(Chairperson: Mrs. Kannikar Chalitaporn)

RISK MANAGEMENT COMMITTEE
(Chairperson: Mrs. Kannikar Chalitaporn)

ASSETS AND LIABILITIES MANAGEMENT COMMITTEE
(Chairperson: Dr. Vichit Suraphongchai)

EQUITY INVESTMENT MANAGEMENT COMMITTEE
(Chairperson: Mrs. Kannikar Chalitaporn)

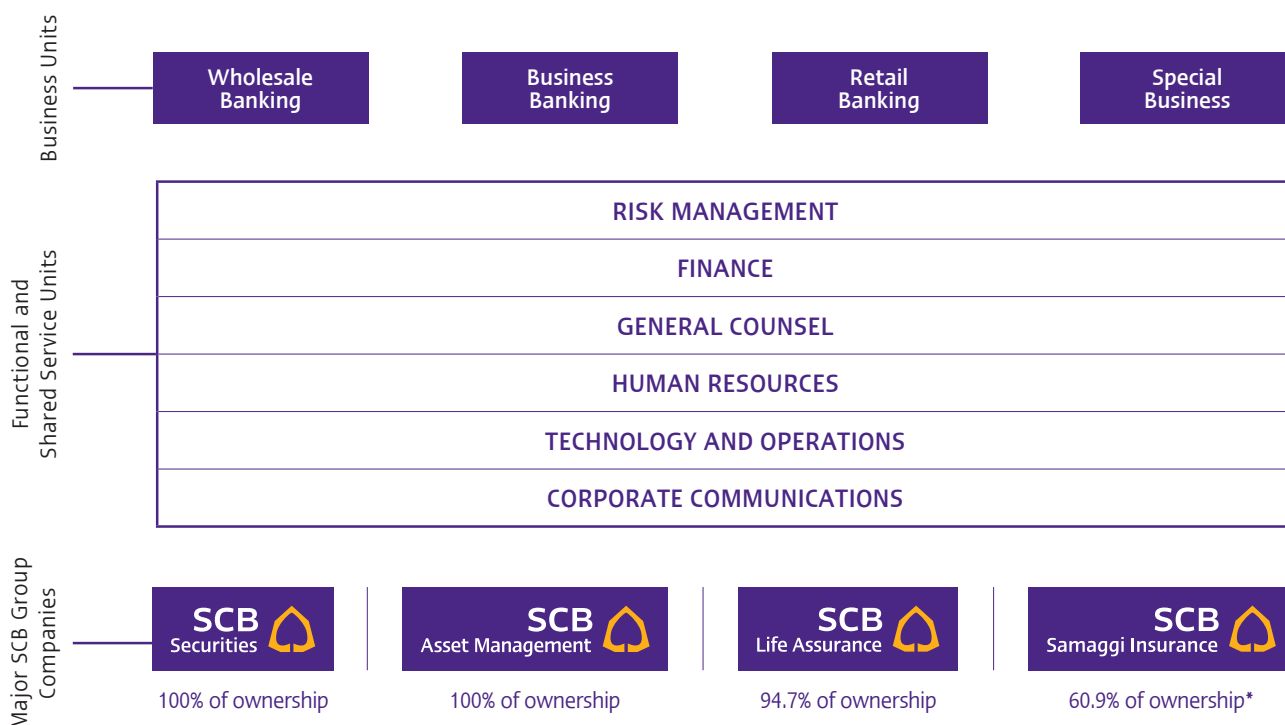
Management Structure

As of January 1, 2014

EXECUTIVE MANAGEMENT

Audit and Compliance

Change Program



* The Bank has signed conditional agreement to sell all shares in Siam Commercial Samaggi Insurance to ACE INA International Holdings, Limited (ACE) and its affiliates which is expected to be completed in the second quarter of 2014.



THINK OF
A GLOBAL MARKET

THINK
SCB

THAILAND'S ECONOMIC CONDITIONS IN 2013 AND OUTLOOK FOR 2014



SCB's Economic Intelligence Center and International Banking Business discussed how to overcome the challenges of financing transport connectivity in ASEAN, at the Euromoney Greater Mekong Investment Forum 2013.

The Thai economy slowed significantly in 2013. Thailand's GDP grew at just 2.9% in 2013, down from 6.4% in 2012. This deceleration resulted, in part, from lackluster export growth in almost all major categories and, in part, from the slowdown in domestic consumption and investment.

Domestic demand declined across the board. During the year, private investment weakened, mostly due to shrinking export orders and also because of the drop-off effect after 2012's surge of spending to replace or repair factories and machinery damaged in floods at the end of 2011. At the same time, public investment slowed on the face of delays in both on-budget disbursements and off-budget spending on major infrastructure projects. On the consumption side, car sales fell sharply following the expiry of the excise-tax refund program for first-time car buyers. Consumption of non-durable and semi-durable goods also slowed down but to a lesser extent since the foundations for household spending, such as income and employment, remained unaffected.

Thailand's exports were sluggish throughout 2013. Among major export products, only automobiles and parts grew at a healthy rate. This important category performed well due to the rising demand from Thailand's trade partners and because manufacturers reallocated production towards foreign orders to offset the domestic demand slump. Although export growth failed to support the Thai economy in 2013, the tourism sector provided a huge lift. Arrivals rose about 20% in 2013, due to a very significant increase in the number of visitors from mainland China.

The Bank expects the Thai economy will expand 2.4% in 2014, although domestic politics poses a significant risk to this outlook. The latest round of political unrest, which started in late 2013, has slowed several important drivers of growth, including public investment, private sentiment, tourism and foreign investment. Exports, however, are not likely to be affected. The Bank expects exports to grow 5% in 2014 on the back of a broad-based global economic recovery. Foreign demand for Thai goods will therefore become the economy's main growth engine. Domestic demand will, however, remain lackluster in 2014, although domestic spending will be supported by certain factors, such as the relaxation of monetary policy, moderate inflationary pressure, and the cut in personal income taxes.

The key external factor to monitor in 2014 will be the reduction of the U.S. Federal Reserve's asset purchases. The Fed started to taper its quantitative easing program (QE) in early 2014, which signals the beginning of the end of the era of excess global liquidity. As U.S. monetary policy progressively returns to normal, the Thai economy will face two impacts: 1) a rise in long-term borrowing costs for government and for businesses that rely on bond financing, and 2) a reversal in the recent tide of international capital flows, as global investors pull funds out of emerging markets. The latter represents an important challenge to Thailand at a time when the Baht is vulnerable because of domestic political instability.

INDUSTRY AND COMPETITION REVIEW

Despite a slowing economy and the political conflict toward the end of the year, 2013 was an excellent year in terms of financial performance for Thailand's banking industry. The industry recorded robust growth in terms of assets, loans, deposits, operating profits and net profits. By year-end, the number of Thai banks stood at 16, comprised of 14 commercial banks, one retail bank and one foreign subsidiary. In 2013, one foreign bank, namely the Bank of Tokyo-Mitsubishi UFJ, Ltd. (BTMU), bought GE Capital's stake in Bank of Ayudhya (BAY) and later completed a tender offer that gave it a total holding in BAY of 72%.

Comparison of SCB's Performance with Thai Commercial Banking Sector*

as at December 31, 2013

Unit: Baht billion

Financial statement (consolidated)	Thai commercial banking sector *		Change % yoy	SCB 2013	SCB market share %
	2013	2012**			
Assets	13,972	12,690	10.1	2,534	18.1
Gross loans	9,628	8,689	10.8	1,735	18.0
Deposits	9,853	8,976	9.8	1,823	18.5
Shareholders' equity	1,295	1,154	12.2	246	19.0
Net interest income	385	341	12.9	73	19.0
Non-interest income	241	191	26.0	51	21.0
Non-interest expenses	269	248	8.4	47	17.6
Operating profits	357	284	25.6	76	21.4
Loan loss provision	92	68	34.3	14	14.8
Corporate income tax	52	49	4.9	12	22.9
Net profit (attributable to shareholders of the Bank)	201	160	25.7	50	24.9

* The Thai commercial banking sector is here defined as the 11 commercial banks listed on the Stock Exchange of Thailand.

** Restated following the adoption of deferred tax accounting in 2013.

In 2013, the Thai commercial banking sector's aggregate net profit increased significantly by 25.7% to Baht 201.4 billion, from Baht 160.2 billion in 2012. All Thai banks, except one medium-size bank, reported higher net profits due to the combined effects of robust growth in net interest income (12.9% yoy), and significant growth in non-interest income (26.0% yoy). In 2013, many banks set aside additional provisions as a counter-cyclical buffer.

Net interest income (NII) remained the main source of the sector's income, but the proportion of NII to total income decreased to 61% in 2013, from 64% in 2012. In absolute terms, NII increased by 12.9% to Baht 384.5 billion in 2013, from Baht 340.6 billion in 2012, driven mainly by loan growth (10.8% yoy). In 2013, the sector's net interest margins (NIM) declined slightly, by 2bps, to 3.03% in 2013, as a result of lower yield from interbank and investment following the policy rate cuts in May and November 2013.

Non-interest income increased significantly by 26.0% to Baht 241.0 billion in 2013, from Baht 191.3 billion in 2012, mainly due to: (1) robust growth in net fee income; and (2) higher gain on investments, partly due to the gain on the redemption of the Vayupak Fund. Non-interest income contribution increased to 39% in 2013, from 36% of total income in 2012.

Non-interest expenses increased by 8.4% to Baht 268.7 billion in 2013, from Baht 247.8 billion in 2012, mainly due to higher personnel related expenses. The relatively moderate growth in OPEX was due to the reversal of TACM provisions by a few banks (booked under other expenses). As a result, the cost-to-income ratio improved to 43.0% in 2013, from 46.6% in 2012.

As at December 31, 2013, the aggregate assets of the Thai commercial banking sector stood at Baht 13,972 billion, the equivalent of 117.4% of Thailand's 2013 GDP. Total assets, a key growth index for banking institutions, grew by Baht 1,282 billion, a 10.1% year-on-year increase, in line with loan growth of 10.8%.

Gross loans rose by 10.8% to Baht 9,628 billion. The growth in loans classified by business type for commercial banks registered in Thailand, including foreign bank branches, was as follows: Personal/consumer loans (26.3% of total loans), grew by 11.5% yoy, mainly from home loans (+12.6% yoy) on the back of continuing demand in the residential homes market and hire-purchase loans (+8.4% yoy) from the government's tax incentive scheme for first-time car buyers. (Although the scheme ended at the end of 2012, deliveries of cars sold under the scheme were not fully completed until the end of June 2013.) On the commercial side, manufacturing/production loans, which accounted for 17.6% of total loans, increased by 8.4%, while loans for wholesale and retail businesses increased by 17.4%. In 2013, the central bank cut its policy rate by 50 bps to 2.25%, from 2.75% at the end of 2012. The sector's minimum lending rates (MLRs) dropped to 6.75%-8.72% at the end of 2013, from 7.00%-8.72% the year before.

Deposits in the Thai commercial banking sector rose by 9.8% to Baht 9,853 billion. In 2013, competition for deposits was relatively strong in the first half and then moderated in the second half, as economic growth moderated. Three-month fixed deposit rates fell from 1.60%-3.15% at the beginning of 2013 to 1.50%-3.00% at year-end. The gross loan-to-deposit ratio of the Thai commercial banking sector increased to 97.7% at the end of 2013, from 96.8% at end of 2012, as loans grew at a higher pace than deposits. Also, the combined loan-to-deposit and B/E ratio of the Thai commercial banking sector increased to 96.5% at the end of 2013, from 94.6% at the end of 2012.

As at December 31, 2013, the Thai commercial banking sector's gross NPLs on a consolidated basis stood at Baht 277.0 billion, up from Baht 262.9 billion in 2012. In percentage terms, the NPL ratio decreased to 2.6%, from 2.7% in 2012. The increase in absolute NPLs was partly from consumer loans, especially in the auto loans segment. However, the NPL coverage ratio of the banking sector improved to 137% in 2013, from 127% in 2012, mainly due to higher provisioning.

All Thai banks adopted Basel III from January 1, 2013. As at December 31, 2013, the Thai commercial banking sector's total capital adequacy and Tier 1 ratios on a bank-only basis stood at 15.3% and 10.9%, respectively, higher than the current minimum regulatory capital requirement under Basel III of not less than 8.5% for total capital ratio.

Overall, the strong improvements in the Thai banking sector in 2013 were driven by (1) strong income growth in both NII and non-NII; (2) strong capital positions; and (3) stable asset quality with an improvement in the coverage ratio.

Thai banks are likely to continue to strengthen their capital adequacy in order to meet future regulatory changes, which will arise from implementation of international accounting standards (IFRS and IAS) and additional components of the Basel III framework, and to prepare for the launch of the ASEAN Economic Community (AEC) at the end of 2015.

In 2014 and beyond, Thai banks will strengthen their income-generating capabilities but with increasing emphasis on cost-control measures. Banks will be affected by the slowing economy as well as the domestic political uncertainty. Standing at the forefront of the Thai banking sector, SCB is well prepared to face the economic challenges that lie ahead and is also well positioned for opportunities that may arise as and when the economy recovers.



SCB, Krungthep Turakit newspaper, the Thailand Research Fund and Thammasat University held a seminar on "Assessing ASEAN's Readiness by Country: Opportunities, Concerns, and Preparedness Towards the AEC 2015." Panelists were leading academics, economists, businessmen and government officials.



**THINK OF
EXPANDING
THE BUSINESS**

**THINK
SCB**

Business Overview



The Think SCB branding campaign highlights the Bank's vision to develop products and services catering to every client desire, to serve customers at every stage of life, and to meet the needs of society, the environment and youth as well.

Background and Important Developments

Siam Commercial Bank was originally established as Thailand's first indigenous bank on August 4, 1904 as "The Book Club." On January 30, 1906, King Chulalongkorn (Rama V) granted a royal charter to establish "Siam Commercial Bank Company Capital Limited." The Bank changed its name to "Siam Commercial Bank" in English, or Thanakarn Thai Panich in Thai on January 27, 1939. On February 19, 1993 the Bank was registered as a public company, and has thereafter been known as "Siam Commercial Bank Public Company Limited" (SCB). From the time of the Bank's founding until today, the major shareholder has been the Crown Property Bureau.

As a consequence of the Asian financial crisis in 1997, SCB undertook a major recapitalization in 1999 by joining the Ministry of Finance's Tier 1 Capital Support Scheme (the August 14, 1998 Measure), resulting in the Ministry of Finance becoming, along with the Crown Property Group, one of the two largest shareholders in May 1999. Later on in 2003, the Ministry of Finance established the Vayupak Fund 1 and transferred a substantial part of its stake to the Fund on December 1, 2003. As of December 27, 2013, the Crown Property Bureau held 23.69% of SCB shares, while Vayupak Fund 1 held 23.12% and the Ministry of Finance held 0.09%.

Today, SCB is a leading universal banking group in Thailand, providing a wide array of financial products and services to meet the needs of a broad range of customers. Befitting its status as a universal bank, SCB has a large footprint across the financial services landscape in Thailand covering all customer and product segments.

In addition to core services such as deposit and credit services, the Bank also provides services tailored to meet specific customer needs. Retail services include home loans, personal credit, car hire

purchase, credit cards, ATM cards, debit cards, currency exchange facilities, and overseas remittances as well as investment and bancassurance products. For corporate and business customers the Bank offers cash management-related services, international trade financing, treasury products, debt and capital market products, corporate advisory, investment banking and other related financial services. The services available from the Bank's subsidiaries and associates for both corporate and retail clients include securities trading, asset management and life and general insurance.

SCB has four business groups: the Wholesale Banking Group; the Business Banking Group (serving SME clients); the Retail Banking Group (serving individuals and small businesses); and the Special Business Group (handling mainly NPL work-out). In addition, the Bank has four major subsidiaries: SCB Securities Co., Ltd.; SCB Asset Management Co., Ltd.; SCB Life Assurance PCL and Siam Commercial Samaggi Insurance PCL. Each of these companies provides a range of financial services to meet the specific needs of its customers.

Units within the Bank responsible for supporting and managing the Bank's operations comprise seven function-oriented groups. These are the Risk Management Group, Finance Group, Human Resources Group, Technology & Operations Group, Group General Counsel, Corporate Communications Division, and the Audit & Compliance Group. In addition, the Bank has established a Change Program Management Office whose role is to drive and monitor the implementation of critical initiatives, many of which are transformational in nature.

Percent of revenue for each business unit (Consolidated)	2013	2012	2011
Wholesale Banking Group*	22%	21%	25%
Business Banking Group (SME)*	16%	15%	11%
Retail Banking Group*	55%	56%	55%
Others**	7%	8%	9%

* Results of key subsidiaries have been allocated to the Wholesale Banking Group, Business Banking Group and Retail Banking Group.

** Including subsidiaries and affiliates, but excluding one-time investment revaluation gain from the acquisition of SCB Life in 2011.

2013 Performance

2013 was the fourth successive year during which the Bank reported a record-high net profit. SCB performed well above its targets announced at the start of the year, despite global economic uncertainties that slowed growth in Thailand's cross-border trade transactions, especially growth in exports. SCB's strong results reflected, in part, the resilience of its operating platform and business model as well as the soundness of its business strategies.

In 2013, the Bank registered a return-on-equity (ROE) of 21.8%, with a record-high net profit of Baht 50.2 billion, a 28.0% yoy increase of Baht 11.0 billion from the net profit of Baht 39.2 billion recorded in 2012. This growth in profit reflects the effectiveness of the Bank's strategy and its execution capability.

Total income, at Baht 123.5 billion, increased 20.0% from 2012 due to both robust loan growth and solid non-interest income growth. In particular, the non-interest income growth was boosted by higher net fee and insurance premium income, higher dividend income, higher net trading and foreign exchange income as well as higher gains on investment.

To maintain profitability, the Bank maintained a strong focus on expense control and productivity improvements, resulting in a lower cost-to-income ratio of 38.3%, falling from 41.2% in 2012.

The Bank reported total assets of Baht 2.53 trillion, an increase of Baht 264 billion (or 11.6%) from the end of 2012.

Total loans grew by 12.1%, with stable underlying asset quality. The ratio of NPLs to total loans was relatively flat at 2.14%, as a result of effective work-out strategies such as repayments, auctions and foreclosures, NPL sales and debt restructuring, as well as ongoing prevention of new NPL formation. At the same time, the provisions for loan losses increased from Baht 9.4 billion in 2012 to Baht 13.6 billion during the year – thereby raising the NPL coverage ratio from 144.8% to 150.8%.

The Bank maintained its leadership in a range of retail products and services, as well as its leading position in the number of branches and ATMs throughout the country, in part as a result of continued expansion. At the end of 2013, the Bank had 1,173 branches, 9,142 ATMs, and 108 foreign exchange kiosks – the largest financial services footprint in Thailand.

As a business in the services industry, the Bank believes in the critical importance of sustaining a high level of employee engagement, together with a high level of customer engagement. This robust engagement model, which has helped to generate industry-high levels of customer and employee engagement, provides the Bank a unique competitive edge today and the best assurance of sustainable profitability in the years ahead.

2013 Highlights

SCB retains a strong market position among the big Thai banks:

- High net profits at Baht 50.2 billion, a new record level for SCB and the Thai financial services sector.
- High ROE at 21.8% and ROA at 2.1%, levels that rank the highest of Thai banks.
- The highest market capitalization among financial institutions in Thailand (at Baht 488 billion on December 27, 2013).
- The largest branch and ATM footprint, with 1,173 branches and 9,142 ATM units.

Plans for 2014

- Reduce cost of deposits relative to market competitors.
- Accelerate drive to build recurring fee-based income and non-NII growth, particularly from the SME and wholesale segments.
- Decelerate growth rate of operating expenses through more stringent oversight of discretionary expenses.
- Upgrade the skills of the relationship managers across all business units to forge deeper customer relationships and, for retail and SME banking, establish the core of a wealth management franchise.

Anchored on the above elements, the business plan will ensure that the Bank achieves above-average profitability, return on equity (ROE), and return on assets (ROA), while maintaining strong growth momentum along with Thailand's continued economic growth.

The Bank will continue to place strong emphasis on sustaining a high level of employee engagement and maintaining SCB as a great place to work. It will also continue to maintain world-class levels of customer engagement to ensure that shareholder value is further optimized and a distinct competitive edge maintained.

SCB will continue to adhere to best practices under corporate governance principles, and also encourage employees to participate in the Bank's CSR activities, especially projects related to the sustainable development of youth and communities.

Key Performance Targets Announced for 2014

Despite a likely broad slowdown in economic growth, the Bank expects to deliver competitive results, reflecting the sustainability of its performance and resilience of its strategies.

Wholesale Banking Group



CP ALL PCL appointed Siam Commercial Bank as Sole Financial Advisor and Mandated Lead Arranger and Underwriter of the share acquisition of Siam Makro PCL, totaling Baht 188,880 million.

(Billion Baht)	2013	2012	yoy
Loans	622.4	594.9	4.6%
Net fee and net insurance premium	6.8	4.8	43.8%
NPL ratio	1.6%	2.0%	

In 2013, amid a challenging economic landscape, the Wholesale Banking Group (WBG) achieved solid financial performance with record-high total income and net profit. This sustained strong financial growth, outperforming in a very competitive market, demonstrated the Group's ability to compete across all of its customer segments and products.

In particular, the WBG successfully attained clear market leadership in financial and capital market activities during the year. Additionally, the WBG achieved significant growth in cross-border trade volume and corporate deposit volume, outperforming a market that slowed amid the sluggish economic environment. Finally, the WBG continued to improve balance-sheet efficiency through disciplined loan portfolio management, raising quality and return on assets.

Moving into 2014, the WBG plans to transition to a more "client-centric" organization, aiming to build a sustainable growth engine to capture a broader client base and deepen existing relationships. Also, it will continue to build the capabilities of its people and effectiveness of its processes in order to become a knowledge-based organization and a sustained winner in an increasingly dynamic and challenging market environment.



In a first for Thailand and ASEAN, Siam Commercial Bank launched a Bank Payment Obligation (BPO) service, a digital version of a letter-of-credit to facilitate international trade payments. The service was first offered to PTT PCL, Thailand's biggest petrochemicals company.



SCB congratulated True Corporation as its True Telecommunications Growth Infrastructure Fund (TRUEGIF) began trading on the Stock Exchange of Thailand.

2013 Performance

- Recorded net profit growth of 5% yoy, with substantial total income growth at 20% yoy.
- Achieved solid fee-income growth of 44% yoy with recurring fee income growth of 13% yoy.
- Raised non-NII contribution to 46% of total income, resulting from higher than 91% yoy growth of investment banking and capital markets income.
- Expanded loan portfolio by Baht 27 billion, an increase of 5% yoy, while growing corporate deposits by 26% yoy.
- Continued to improve balance sheet efficiency with better asset quality, maintaining NPLs at a lower level than the prior year despite the negative outlook on credit quality.
- Improved expense control management with lower cost-to-income compared to 2012.



SCB provides the SCB China Express service for same-day USD fund transfers to China via 700 local bank branches there in over 90 key business districts. The service reduces bank charges, enhances liquidity, and speeds up trade transactions, helping your business grow faster.

2013 Highlights

- Delivered better than anticipated financial results across client segments and products in both profitability and revenue.
- Achieved clear market leadership in financial and capital market activities by winning key landmark deals (e.g., CP ALL's acquisition of Siam Makro, Thai Airways' synthetic euro bond), as well as sustaining #1 rank in property funds for public offering (PFPO), bond offerings and syndicated loans underwriting.
- Received market recognition in key wholesale products and services:
 - "Best Investment Bank in Thailand" award from *Global Finance* magazine.
 - "Best Bond House" award from *Alpha Southeast Asia* magazine.
 - "Best Foreign Exchange Bank in Thailand" award from *FinanceAsia* magazine.
 - "Best Local Cash Management Bank" and "Best Overall Domestic Provider of FX Services in Thailand" awards from *Asiamoney* magazine.
- Outperformed the market in import-export trade volume growth and deposit volume growth, despite the market slowdown in 2013.
- Enhanced balance-sheet efficiency through more pro-active credit portfolio management.

Plans for 2014

- Migrate from a "size-based" to a "client need-based" organization structure to enhance the level of customer centricity.
- Sharpen and broaden product capabilities in investment banking and capital markets to sustain current market leadership.
- Leverage transaction banking flows through value-chain-based solutions to capture a larger client base for sourcing recurring income and low cost funding.
- Strengthen credit practices and enhance balance-sheet efficiency with upgraded risk management processes.
- Build the business capabilities and strengthen foundation in key regional markets to deliver future growth from international business.
- Continue to strengthen people and process capabilities to ensure long-term sustainability of revenue and profitability.

Business Banking Group (BBG)

(Billion Baht)	2013	2012	yoy
Loans	356.0	299.2	19.0%
Net fee and net insurance premium	4.0	3.4	16.6%
NPL ratio	3.6%	4.0%	

In recent years, the Business Banking Group has successfully expanded its SME franchise and market share through the introduction of innovative, customer-centric, financial solutions and services to SMEs and, concurrently, through establishing more Business Relationship Centers throughout the country.

In 2013, the continued focus on customer centricity has resulted in enhanced SME customer satisfaction, stronger SME brand awareness and, as a result, another successful year in terms of financial performance. SCB received the Best SME Bank award from *Alpha Southeast Asia* magazine in both 2012 and 2013. *Asian Banking & Finance* magazine likewise named SCB as the SME Bank of the Year for two consecutive years. These achievements reflect the BBG's progress toward its ultimate goal of making SCB the 'bank of choice' for SMEs in Thailand.

2013 Performance

- Delivered robust credit growth:** The SME lending portfolio expanded by Baht 57 billion, or 19%, to Baht 356 billion through 18% growth in the medium-size business segment and a 25% increase in the small business segment. Also, the SME market share ranking improved to #3.
- Delivered solid financial results:** Strong growth in both the small and medium-size business segments bolstered BBG full-year total income by 31% in part from a 17% expansion in fee-based income through growth in bancassurance, trade finance and business cash management services and, in part, through margin-based income growth.
- Maintained stable asset quality:** Overall asset quality improved following a significant reduction in NPLs from 4.0% in 2012 to 3.6% in 2013 due to effective preventive measures and better NPL management.



Siam Commercial Bank works side by side with SME importers and exporters to help them cope with currency risks and strengthen their business to ensure continued growth.



Five outstanding SMEs won Bai Po Business Awards in the contest's 8th year in 2013. Sponsored by SCB, the awards are organized by Sasin Graduate Institute of Business Administration, Chulalongkorn University.



SCB and Chulalongkorn University trained Class 7-8 of the SCB SME-Intelligent Entrepreneur Program, which sharpens the skills of SME owners and builds strong business networks.

2013 Highlights

- **Strengthened the market position within the SME segment:** With robust credit growth of 19% in 2013, the overall market share ranking improved to No. 3 from No. 4. In addition, total income increased by 31%, with healthy growth in both net interest income and non-interest income and a lower NPL ratio.
- **Strengthened SCB's SME brand:** By launching new solutions, marketing campaigns and marketing events that are customer-centric and innovative BBG was able to maintain a strong brand awareness – confirmed by a customer survey conducted by a leading market research agency.
- **Continuous support to SME development in Thailand:** Seminars, networking events and an educational website catered to the different needs and diverse interests of this segment. The signature programs include SCB-YEP, a program for young entrepreneurs; SCB SME-IEP, an executive program to help develop professional business management skills; and 'Moment with Idols', program providing consultation with recognized business experts.

Plans for 2014

- Strengthen customer understanding and insights to better serve SMEs with integrated financial solutions and exceptional service level for both business and personal needs.
- Aspire to be the main operating bank for SME customers through innovative solutions and process efficiency.
- Redesign the end-to-end credit approval process to offer competitive turnaround time to meet customer expectations and enhance internal operational efficiency.
- Uplift people capabilities through accelerated skill-building programs that foster a customer-centric mindset.
- Strengthen risk management to support SME lending more effectively while maintaining the overall asset quality at an acceptable level.

Retail Banking Group (RBG)

(Billion Baht)	2013	2012	yoy
Loans	756.8	653.4	15.8%
Net fee and net insurance premium	23.8	21.5	10.5%
NPL ratio	2.3%	1.9%	

The Retail Banking Group (RBG), by far the biggest in terms of revenue and profitability within the Bank, continued to deliver strong financial performance and maintain high market positions in key retail banking products such as mortgages, hire purchase, credit cards, and bancassurance. Moreover, the RBG recorded exceptional growth in retail deposits and mutual funds across all customer segments during the year.

SCB already had the largest banking network in Thailand and further expanded it during the year to accelerate growth. In 2013, the Bank opened more than 30 branches and added more than 400 ATMs, mainly in provincial areas, as a result providing even more convenience to customers. Through new, innovative and tailored products, and continued improvements in on-line services and mobile banking, the Bank has remained at the forefront of responding to emerging needs of existing and new customers.

2013 Performance

- **Strengthened leadership in retail credit lending:** RBG total gross loans expanded 16% yoy, underpinned by a 19% increase in mortgages, as well as a 15% increase in credit card receivables. Hire purchase grew by 10% and Speedy Cash lending by 7%. Collectively, this growth reinforced an already solid retail-lending base.
- **Achieved significant growth in assets under management (AUM):** The combined AUM of deposits and mutual funds grew by Baht 283 billion to Baht 2,116 billion, with 16% growth during the year. Retail deposits rose by 10%, while mutual fund AUM increased by 25% to Baht 836 billion, with top ranking in the market for property funds.
- **Delivered healthy operating results:** Overall retail revenue increased by 18%. NII improved as a result of better loan yield and product mix as well as growth in fee-based income.



SCB Tid Tid is a smartphone app that lets clients make deposits, transfers and bill payments conveniently using QR codes. Devised by staff, it won an award in the SCB Innovation Competition, 2012-2013.

2013 Highlights

- **Maintained clear leadership in retail lending:** Despite increased competition, the RBG successfully maintained its top position in terms of retail lending encompassing mortgages, hire purchase, credit cards and personal loans. In terms of asset quality, the Bank was able to maintain retail NPLs at approximately 2.3%, which is lower than the market norm due to effective preventive measures and better NPL management. The retail-lending portfolio is diversified across a wide range of products and customer segments, which serves to mitigate the overall risk.
- **Significantly improved our deposit gathering and asset management capabilities:** The RBG expanded the retail funding programs by rolling out several new products, selectively targeting customers by age group, which served to further diversify funding sources. In addition, mutual-fund assets under management increased by 25% to Baht 836 billion. This level is ranked #2 in the market, with a market share of 19.6%.
- **Reinforced national leadership of SCB's distribution network and channel management:** Today the Bank has 1,173 branches, 9,142 ATMs and 108 foreign-exchange kiosks nationwide, by far the largest footprint in the banking industry. Too, the RBG has taken a proactive approach in developing solutions that meet the changing needs of today's customers, aiming for a better lifestyle experience. Digital innovation, mobile technology and customer demand are driving a complete transformation in available banking channels. This year the Bank launched UP2ME, an offering focused on the individuality and particular needs of young, internet-savvy customers. The UP2ME package includes an UP2ME Easy Pay mobile application that allows customers to pay or receive money from their mobile phone contact list or a self-generated QR code; and an UP2ME 3-in-1 card, (a credit card, ATM card, and Speedy Cash), offering maximum financial convenience. Another unique feature of UP2ME is that it allows customers to set savings goals, and provides trackers and deadlines to give customers greater control of their personal finances.



Siam Commercial Bank and the Association of Siamese Architects organized the SCB Home Renovation Contest, inviting college students to share home renovation ideas aimed at “green” factors like saving energy. Winning ideas are available via free download on the contest website.



Siam Commercial Bank launched SCB FIRST Privilege Banking and the SCB FIRST Lounge at Siam Paragon shopping center. SCB FIRST features private financial advisory and investment services tailored to attract affluent customers and double the client base.

- Revitalized service excellence and raised employee capabilities at branches:** SCB has deployed a new system for customer service quality evaluation, or 'TRIM,' which measures customer satisfaction, benchmarking against world-class standards. In 2013, the Bank achieved a TRIM index score of 90, approaching the 90th percentile level of 97. The RBG has embarked on a multi-year, multi-pronged effort to substantially uplift the capabilities of customer relationship staff with an aim to better understand and respond to customer needs and make improved use of the 'smart sale system' and related tools. This will provide a step-change improvement in customer satisfaction and sales revenue.
- Strengthened wealth proposition:** SCB intends to raise wealth management in Thailand up to the next level. The focus is on improving the quality of the front-line staff, products, and platforms as well as the privileges to be offered over the next five years. In particular, this year RBG introduced several new programs to improve services and grow the affluent and high-net-worth customer segments with signature programs: SCB First Card and SCB Private Banking Card. These products are offered on an invitation-only basis to those who have reached a predetermined wealth threshold with the Bank. In addition, the RBG continued to improve operational efficiency as well as its internal processes to support ambitious growth targets for selected segments.

Plans for 2014

- Cautiously strengthen leadership in consumer lending while improving returns through disciplined portfolio planning.
- Target growth in the deposit portfolio selectively to ensure competitive funding costs.
- Continue to strengthen distribution network through improvements in service quality, new advisory skills and segmented solution packages as well as an upgraded service-fulfillment backbone.
- Drive customer adoption of existing non-branch channels and non-cash payment by enhancing digital and payments offerings.
- Build a new wealth management platform and offerings by improving people, products, and platforms and providing privileges for selected segments.
- Strengthen systematic cross-referral and cross-distribution programs.
- Use business intelligence tools to develop holistic customer insight to drive best-in-class customer experience.
- Focus on people – retention, recruitment, affiliation and development.
- Deploy dynamic risk management platform and early warning systems.

Special Business Group (SBG)

(Billion Baht)	2013	2012	yoy
NPLs (gross)	40.0	35.9	11.5%
NPA	9.6	9.5	2.0%
NPL ratio	2.14%	2.13%	
NPL coverage ratio	150.8%	144.8%	

The Special Business Group (SBG) is responsible for managing the Bank's portfolio of non-performing loans (NPLs) and non-performing assets (NPAs). Toward the end of 2008, the Special Business Group extended its responsibility to encompass proactive, preventative approaches to handling potential non-performing loans. These approaches include identifying probable delinquent loans using internal or external factors, and providing these customers with debt restructuring solutions to prevent default and, at the same time, assisting the customers to recover.

2013 Performance

- **NPL reduction:** The Special Business Group has played a key role in reducing the Bank's consolidated gross NPL ratio from 3.25% at the end of 2010 to 2.14% at the end of 2013. Various resolution methods were employed to reduce NPLs including debt restructuring, transfers of assets and equity securities, modification of repayment terms & conditions, and combinations thereof.
- **NPA sales:** During the year, the Group successfully disposed of assets of approximately Baht 3 billion.
- **Prevention:** The Group started to implement "Early Warning Signs" in 2008 to detect loans-at-risk that might turn non-performing and to help these customers to handle financial difficulties. In 2012, the preventive method was upgraded to "Special Attention," which highlighted loans-at-risk and identified the pre-emptive measures that could be of use to these customers.

In 2013, the Group developed new measures specifically for industries that were facing the brunt of a slowing economy and identified the actions the customers should take to minimize a hard landing.
- **Process & system improvement:** The Group has implemented a new debt-collection management system to better manage NPLs and deploy preventative measures as well as to improve collection practices.



Quarterly awards honor the Special Business Group teams that have made the Bank so consistently successful in combatting NPLs. The ceremonies are proudly led by Kannikar Chalitaporn, president of SCB, and Sarunthorn Chutima, SEVP and head of the SBG.

2013 Highlights

- NPLs stood at 2.14%, despite the sharp slowdown of the economy in 2H13.
- Sales of NPAs totaled Baht 3 billion.

Plans for 2014

- **NPL prevention:** The Group will implement a "Preventive Workout" approach that further extends the scope and depth of services to handle loans-at-risk at an earlier stage, so as to prevent delinquency, in collaboration with the business units that originated the loans.
- **Expedite NPLs reduction:** The Group will modify its organization to handle NPL customers by segment and execute resolution strategies developed to best fit each segment. Also, the Group will continue to canvass investors interested in purchasing NPL portfolios to expedite NPL reduction and strive to keep the relapse of NPLs to a minimum.
- **NPA sales:** The Group plans to shorten NPA acquisition and divestment processes, and continue to accelerate the disposal of NPAs via the Bank's extensive branch network, brokers, NPA marketing events, and its website (BuyatSiam.com) to reach a broader range of prospective buyers.
- **Process & system improvement:** By extending the scope of the recently implemented system, the Group will further enhance its capabilities in NPL reduction through streamlining operation workflow and enable real-time productivity monitoring.

SCB Securities Co., Ltd. (SCBS)

(Billion Baht)	2013	2012	yoy
Trading value	757.5	383.0	97.8%
Market share	3.51%	2.78%	

Established in 1995, SCB Securities Co., Ltd. (SCBS) is strategically positioned as the brokerage and equity capital market arm of SCB. The company operates a securities business and offers financial products and services to institutional and retail investors. It is a 100%-owned subsidiary of SCB.

With eight branches (SCB Park Plaza Head Office, Sindhorn, Chalermnakorn, Ratchayothin, Chidlom, Chiang Mai, Tha Phae, and Had Yai) and an online channel (www.scbsonline.com), SCBS has won the trust of investors to emerge as one of Thailand's leading securities companies.



SCB Securities is helping clients trade better while on the go, delivering technical graphs and real-time stock market news via smartphone and tablet.

2013 Performance

- 2013 was a very successful year for the securities business as the market's daily trading value increased from Baht 28 billion to Baht 44 billion (56% growth), which boosted brokerage income for most brokers. With an effective strategy and good execution, SCBS outperformed the market, gaining market share of 3.51%, an increase by 0.73% from 2.78% in 2012. The company's broker ranking also moved up to #13 from #17 in the previous year.
- Total income in 2013 stood at Baht 1.7 billion, a growth of 110% from Baht 826 million last year. In terms of profitability, SCBS has tripled its bottom line. The 2013 net profit reflected an impressive growth of 235% compared to last year and ROE increased from 10% to 28%. Apart from the success in increasing market share in a growing market, the other performance highlight this year was the revenue diversification strategy to expand non-brokerage businesses – so as to compensate for the margin compression in the brokerage business and enhance overall profitability.

2013 Highlights

- Won recognition again from the Securities Analyst Association of Thailand (SAA) for outstanding research analysts in four specializations: Best Analyst – IT Sector, Retail Investors; Best Analyst – Financial Sector, Retail Investors; Best Analyst – Small to Medium Size Stocks, Retail Investors; and Best Analyst – Service Sector, Retail Investors.
- Acted as a lead IPO underwriter for Energy Absolute PCL. (EA), NOK Airlines PCL. (NOK), and CK Power PCL. (CKP).
- As part of Thailand's capital market landmark deal in 2013, SCBS acted as the sole tender offer agent for CP ALL PCL. (CPALL) in acquiring Siam Makro PCL. (MAKRO).
- Introduce derivative warrants (DW) with a unique price guideline feature.

- Successfully launched the Private Portfolio Service – a discretionary portfolio investing in small-to mid cap stocks with high growth.
- Introduced offshore and ASEAN Linkage trading service for retail and institutional clients.
- Expanded availability of the Express Trade Account service to every SCB branch countrywide. The service allows clients to open a trading account with SCBS within 30 minutes.
- Opened a new branch in Bangkok, Chidlom, to specially serve affluent clients referred from the Bank.

Plans for 2014

- Upgrade its retail sales platform to improve service quality and thoroughly respond to clients' needs.
- Further expand the retail client base through various channels especially referrals from SCB wealth management teams.
- Offer competitive and speedy Direct Market Access (DMA) service via a breakthrough new trading platform to attract local institutional and foreign investors.
- Continue the strategy to use non-brokerage service to increase profitability. SCBS will upgrade the performance of existing products to enhance business volume.
- Focus on IT infrastructure improvement to increase productivity and efficiency to better service clients.

SCB Asset Management Co., Ltd. (SCBAM)

(Billion Baht)	2013	2012	yoy
Assets under management	835.5	666.2	25.4%
Market share	19.6%	18.3%	

SCB and other investment partners established SCB Asset Management Company Limited (SCBAM) in 1992 to provide a full range of asset management services, namely, mutual funds, provident funds and private funds. SCBAM, now wholly owned by SCB, has grown rapidly since its formation, in part as a result of its solid investment performance and in part from its distribution capability through more than 1,100 SCB branches together with a large customer base.

2013 Performance

- SCBAM's assets under management (including country funds and funds for resolving financial institution problems) grew by 25.4% to Baht 836 billion, comprising mutual funds, provident funds and private funds. The company now has more than 782,500 unit holders.
- SCBAM had a 21.8% share of the total market in mutual funds, growing by 20.4% with assets under management of Baht 669 billion.
- Provident funds' assets under management were Baht 84 billion, growing by 18.0% with a market share of 11.3%, compared to Baht 72 billion and 10.3% market share the previous year.
- Private funds' assets under management were Baht 82 billion, growing by 111.1% with a market share of 19.0%, compared to Baht 39 billion and 12.0% market share the preceding year.
- SCBAM operates the largest property funds (type 1) and infrastructure funds, accounting for 27.2% of the overall industry in this category, with assets under management of Baht 98 billion.

2013 Highlights

- Awarded "Best Asset Management Company in Thailand 2013" in The Asset Triple A Investment Awards 2013, by *The Asset* magazine (HK).
- Awarded the "Trusted Brands Gold Award 2013" in the investment fund company category in Thailand, by *Reader's Digest* magazine.
- Awarded the "The Fixed Income Fund Recognition Award" in Best Bond Awards 2012, for SCB Fixed Income Plus Fund (SCBFP), by the *Thai Bond Market Association*.
- Awarded the "Best Money Market Treasury" for SCB Treasury Money Open End Fund (SCBTMF), by *Money & Banking* magazine.
- Awarded the "Best Equity General" for SCB SET Index Open-Ended Fund (SCBSET), by *Money & Banking* magazine.
- Awarded the "Best RMF Money Market" for SCB Short Term Fixed Income RMF (SCBRM1), by *Money & Banking* magazine.
- Fitch Ratings (Thailand) converted the National Asset Manager Rating (AMR) to "Highest Standards (tha)" in recognition of SCBAM's strong domestic market position in Thailand.



SCB Asset Management joined SCB Life Insurance to launch the Independent Investment Planner project, which upgrades agents' knowledge and skills so they can sell SCBAM investment units and provide one-stop financial advice.

Plans for 2014

Highlights of SCBAM's plans for 2014 are to:

- Develop and distribute innovative wealth management product solutions that better respond to the specific needs of each customer segment.
- Continue to develop investment capabilities so as to maintain above-average performance.
- Extend regional reach and prepare for cross-border integration under the ASEAN Economic Community (AEC).
- Leverage SCB's "Power of One" and "Customer-Centric" mindset through product bundling to provide fully integrated financial services.
- Strengthen staff capabilities by providing skill building programs.

SCB Life Assurance PCL (SCB Life)

(Billion Baht)	2013	2012	yoy
Total premiums	45.5	41.9	8.6%
Market share	10.3%	10.7%	

SCB Life Assurance Public Company Limited (SCB Life) is a leading life insurance company listed on the Stock Exchange of Thailand. It is 94.66% owned by SCB, while the remaining 5.34% is owned by public investors.

SCB Life focuses mainly on the sale of traditional non-participating life and health insurance products through multiple distribution channels, namely, SCB branches, SCB Life agency offices, and specialized sale channels such as malls, hyper-marts, tele-sales, etc.

2013 Performance

2013 was a very challenging year for the life insurance market due to a slowing economy and intensifying competitive pressures. In this environment SCB Life recorded a successful year. Net profit after tax grew by 37%, primarily from total revenue growth of 11%. Total gross premium income grew 9% as a result of strong renewal-year premium income of 17%, but first-year (including single) premium income declined by 3% compared to the previous year. SCB Life ranked 4th out of 24 life insurance companies at the end of 2013, based on total premiums, with a 10.3% market share (2012: 4th of 24 companies, and a 10.7% market share).

2013 Financial Highlights

- Net profits rose 37% to Baht 4.7 billion.
- Total gross premiums increased 9% year-on-year to Baht 45.5 billion in 2013.
- Return on equity improved to 42% in 2013 compared to 35% in 2012.

Plans for 2014

SCB Life will work closely with the Bank, its primary distribution partner, as it strives to introduce more innovative life and health insurance products that meet clients' evolving requirements. SCB Life will also strengthen its non-bank distribution channels, namely its agency and special markets team, and improve customer service. Key focus will be on the following areas:

- **Increasing the suite of product offerings:** Growing public knowledge of the benefits of insurance and of different types of insurance products has increased demand for additional and alternative products to meet the needs of various lifestyles and life-stages.



SCB Life Insurance and Siam Commercial Bank jointly launched an "Easy Saving with Daily Compensation" insurance program enabling clients of working age to pay in as little as 1,000 baht a month, with compensation up to 1 million baht.

- **Improving the sales of non-bank channels:** The agency sales force is traditionally the main marketing channel for most life insurance companies, and SCB Life will focus on improving the quality and size of its sales force, its overall profitability and the geographical footprint of its agency business. In addition, the business focus for the special markets distribution channel will be sharpened to improve its profitability.
- **Improving product persistency:** SCB Life has established programs to increase policy persistency through the use of better call center technology and other customer retention methods.
- **Upgrading core life insurance system:** The company has embarked on a substantial project to improve its core insurance system which, upon completion, will allow the company to shorten its "time-to-market" for new products, improve policy administration processes and reduce overall service time.
- **Reinforcing market leadership in bancassurance channel:** SCB Life will continue to work closely with SCB to remain a leader in the bancassurance channel by developing new and innovative products that match customers' growing sophistication, enhancing customer service capabilities and making effective use of technology.

The Siam Commercial Samaggi Insurance PCL (SCSMG)

(Billion Baht)	2013	2012	yoy
Total premiums	5.0	4.3	17.0%
Market share	2.46%	2.38%	

Established in 1947, the Siam Commercial Samaggi Insurance Public Company Limited (SCSMG) is a subsidiary of the Bank and has a proven performance record of over 66 years. Today it stands among the nation's leading bancassurance providers for all classes of non-life services, i.e., fire insurance, motor insurance, accident and health insurance, marine insurance, and miscellaneous insurance products such as industrial all-risks insurance, engineering insurance, trade credit insurance, directors-and-officers insurance, and product liability insurance. The company's products and services are offered through a broadly based nationwide network comprising brokers, agents and financial institutions, and particularly through SCB branches.

2013 Performance

- **Settled almost all flood-insurance claims.** For home policyholders settled over 17,000 claims that arose from the 2011 floods.
- **Maintained strong capital:** SCSMG has a capital adequacy ratio (as of September 2013) of 542.5% which is considered to be at a high level compared to other insurers and significantly higher than the statutory minimum ratio of 140%.
- **Achieved strong organic growth and retained position as one of the most successful non-life bancassurance providers:** SCSMG was ranked 11th out of 64 domestic non-life insurers for written premiums (according to the Office of Insurance Commission's statistical report as of December 2013) with gross premium income of Baht 5,003 million. SCSMG has continued to expand its retail customer base through distribution of products via the Bank in order to maintain a top-five market share in the personal accident insurance segment and to grow in other personal product lines, particularly in the motor insurance business.
- **Achieved significantly higher profitability:** SCSMG recorded a 140% rise in underwriting profit to Baht 628 million. With income on investment of Baht 200 million, the Company reported a net profit of Baht 668 million, or a year-on-year increase of 125%.
- **Strengthened its solid foundation:** SCSMG continued to serve the needs of its customers and enhanced its underwriting and actuarial skills and expertise, which has contributed toward building a profitable portfolio.
- **Strengthened enterprise risk management:** SCSMG successfully implemented an enterprise risk management framework in line with SCB's consolidated supervision policies, which covers risk management policy guides for credit risk, liquidity risk, operational risk and reputational risk.

2013 Highlights

- Substantial premium and profit growth.
- Attained strong capital position.
- Strengthened foundation of core capabilities, particularly in underwriting and actuarial analysis.

Plans for 2014

- **Collaborate with the Bank to create value-added benefits** through development of customer-oriented products, while also broadening the client base in non-Bank markets.
- **Promote service excellence** especially for personal-line customers.
- **Continue to keep a growth-focused approach to bolstering the organization by further improving underwriting processes**, enhancing business intelligence capability in preparation for market liberalization, reinforcing staff skills, and implementing a sound and effective risk management system.
- **Maintain capital strength** for operational needs and implement risk-based capital allocation to efficiently monitor performance of each product line.

Note: On January 10th, 2014, the Bank entered into a conditional agreement to sell all of its 135,660,824 shares in the Siam Commercial Samaggi Insurance Public Company Limited (SCSMG), representing approximately 60.86% of the total number of SCSMG's issued shares, to ACE INA International Holdings, Limited (ACE) and its affiliates. The sale of the Bank's shares in SCSMG to ACE is expected to be completed in the second quarter of 2014 subject to certain conditions specified in the Agreement, including obtaining regulatory approvals, ACE's completion of and satisfaction with the due diligence of SCSMG, and the approvals by the Board of Directors and shareholders of the Bank.

Change Program

In 2001, SCB adopted a bold plan for transformational change, referred to within the Bank as the Change Program. This bank-wide agenda for deep-rooted and fundamental reform sought to radically improve the competitive position and profitability of SCB's banking franchise.

Under the umbrella of the Change Program, the Bank has launched and successfully completed many important change initiatives including: new business and operating models; radical business-process redesign initiatives; and implementation of major new information systems. The timely and successful completion of these change initiatives has been critically important to the Bank's growth and profitability in the past and will continue to be so in the future.

All Change Program initiatives are managed by the Change Program Steering Committee (CPSC) on a project-by-project basis. The governance processes are facilitated by the Change Program Management Office (CPMO). It coordinates all initiatives, arranges resources, provides guidance, consolidates all status reports and generates communications about the Program throughout the SCB Group.

Oversight of the Change Program governance rests with the Board of Directors, which periodically reviews the Program's overall direction, its capacity to increase the Bank's growth and performance, and the outcomes of the various change initiatives.

2013 Performance

Multiple system implementations dominated Change Program activities in 2013, as the Bank sought to future-proof many of its core systems and its scale and capabilities in multiple business areas.

- Completed multiple new system implementation initiatives including: the core stock-trading system (front-end) for the securities business; a new scoring and loss given default (LGD) model; financial market products trading system; credit card loyalty system; upcountry image-based cheque-clearing system; front-end system to provide enhanced automation for fund managers; and a new integrated platform for the call center service fulfillment activities. All these new systems are designed to provide better products/services, and/or new or improved business processes.
- Completed significant upgrades to the Bank's ATM system and core lending system (wholesale/SME) to enhance product capabilities and improve system performance.
- Launched the UP2ME product, targeting the young, internet-savvy segment.
- Defined a new strategic road-map for the SME segment to nurture a step change in the Business Banking Group's future performance.

2013 Highlights

- 2013 marked the 12th anniversary of SCB's transformational Change Program, which is rightly lauded as one of the most effective transformations of its kind in the region.
- Enhanced capabilities as a catalyst for improving the Bank's business operations and market position in preparation for changes to the economic landscape in the months and years ahead.

Plans for 2014

As with 2013, IT and related initiatives will dominate the Change Program agenda as the Bank seeks to achieve a substantial uplift in its product, service and operations capabilities.

- Undertake multi-pronged, multi-year initiative to develop wealth management franchise for retail/SME customers.
- Complete major new system initiatives to enhance product and service capabilities, and/or scalability and performance of the underlying platform, including: centralized governance, risk and compliance repository; debt collection management; a new core insurance policy administration system; anti-money laundering filter system; an intelligent payment system; a new retail loan origination platform; and a new, top-level internet domain gateway.
- Extend the existing systems to provide securities services to retail customers, online point earning for credit cards, and an upgraded core deposit platform for the Bank.



Global Finance, Euromoney, FinanceAsia, Money & Banking, The Asset

FIRST THAI BANK WITH 5 BEST BANK IN THAILAND 2013

BEST BANK IN THAILAND AWARDS

FROM FIVE PUBLICATIONS

- Euromoney (U.K.) 3rd consecutive year
- Global Finance (U.S.) 8th consecutive year
- The Asset (H.K.) 6th consecutive year
- FinanceAsia (H.K.) 3rd consecutive year
- Money & Banking Magazine 2nd year

SCB was ranked first among Thai commercial banks in Forbes magazine's "Forbes Global 2000"

AWARDS FOR EXCELLENCE IN FINANCIAL PERFORMANCE AND MANAGEMENT

- 'Asia's Best CEO' and 'Asia's Best CFO' from Corporate Governance Asia (H.K.) 2nd year
- 'Corporate Governance Asia Recognition Award' (7th consecutive year) from Corporate Governance Asia (H.K.)
- 'Best Company in Asia' from Euromoney (U.K.)

AWARDS WON BY BUSINESS GROUPS

WHOLESALE BANKING GROUP

FROM THE ASSET (H.K.)

- 'Best Domestic Custodian' (7th consecutive year)
- 'Best Domestic Investment Bank' (2nd year)
- 'Best Domestic Bond House' (2nd year)
- 'Best Cash Management Service Provider'

FROM FINANCEASIA (H.K.)

- 'Best Foreign Exchange Bank' (2nd year)

FROM ASIAMONEY (H.K.)

- 'Best Local Cash Management Bank' (8th consecutive year)
- 'Best Overall Domestic Cash Management Services for S-M-L Corporates' (2nd year)
- 'Best Overall Cross-Border Cash Management Services for S-M-L Corporates' (2nd year)
- 'Best Domestic Provider of Foreign Exchange Services'
- 'Best Local Currency Cash Management Services' as voted in FX & Fixed Income Poll

FROM GLOBAL FINANCE (U.S.)

- 'Best Foreign Exchange Provider' (6th consecutive year)
- 'Best Domestic Investment Bank'

FROM IFR ASIA (H.K.)

- 'Thailand Bond House of the Year' (2nd year)

FROM ALPHA SEA (H.K.)

- 'Best Bond House'
- 'Best Domestic M&A Deal' and 'Best Loan Deal'

FROM ASIA RISK

- 'House of the Year'

FROM THE THAI BOND MARKET ASSOCIATION

- 'Deal of the Year' (6th consecutive year)
- 'Top Underwriter' (4th consecutive year)
- 'Most Creative Issue' (2nd year)

BUSINESS BANKING GROUP

- 'Best SME Bank' from Alpha SEA
- 'SME Bank of the Year 2013' and 'Domestic Project Finance Award 2013' from Asian Banking & Finance

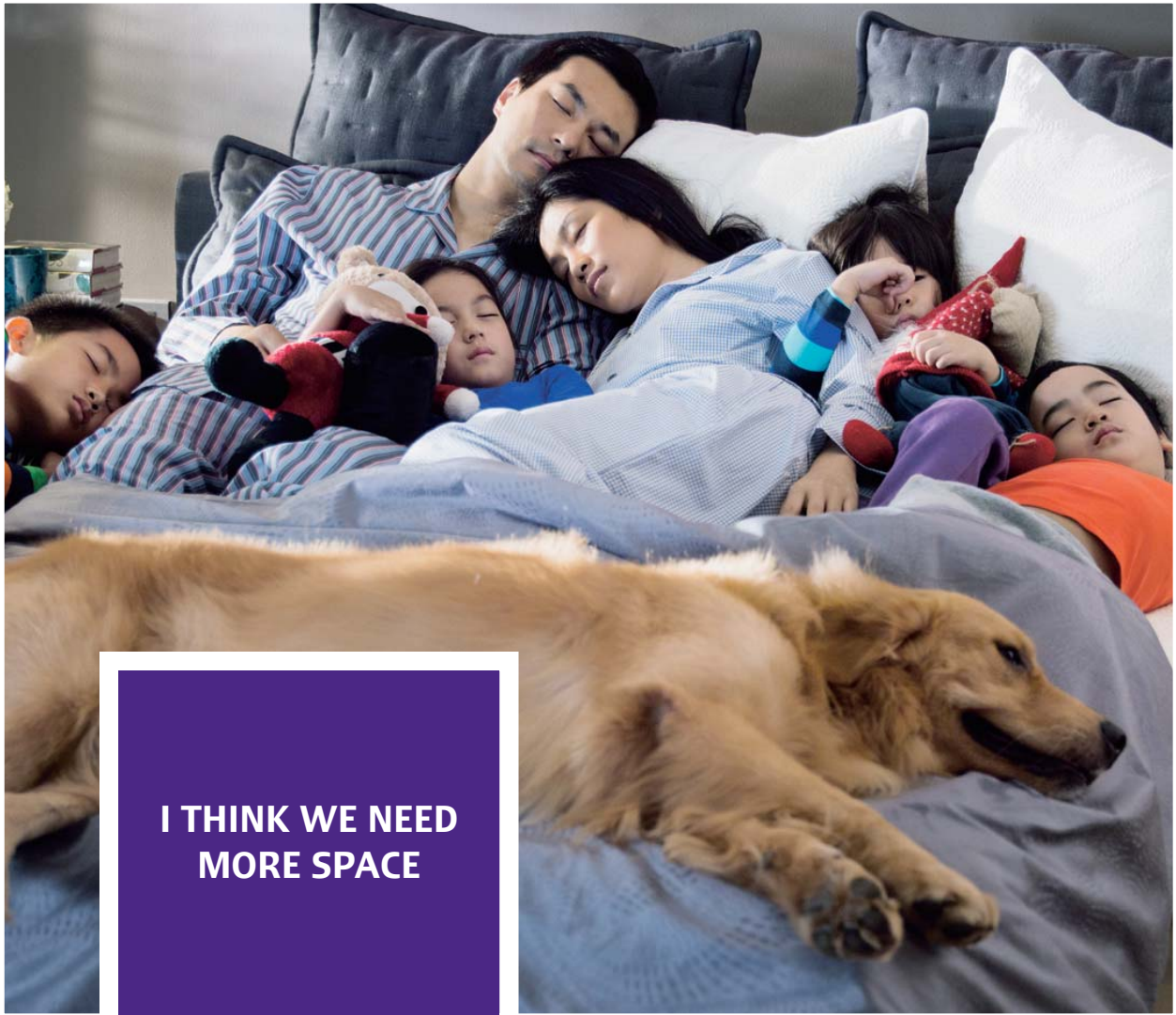
RETAIL BANKING GROUP

- 'Best Private Wealth Management Bank' (4th consecutive year) from Alpha SEA
- 'Best Private Wealth Management Bank' (2nd year) from The Asset
- 'Best Private Bank' from Asian Private Banker

OTHER AWARDS

- 'Top Corporate Governance Report Awards' (4th consecutive year) and 'Outstanding Corporate Social Responsibility' (3rd consecutive year) from Stock Exchange of Thailand
- 'Best Investor Relations' (2nd year) and 'Best Environmental Responsibility' from Corporate Governance Asia
- 'Thailand's Top Corporate Brand Values' from Chulalongkorn University (2nd year)
- 'Trusted Brand Gold Award' in Banks (8th consecutive year) and Credit Cards from Reader's Digest

The Bank also won 13 other awards from leading domestic and international publications and institutions.



I THINK WE NEED
MORE SPACE

THINK
SCB

Risk Management

Prudence and circumspection are cornerstones of SCB's mandate to sustain and build further upon its many recent years of increasing success. As the Bank's presence grows in terms of assets, customers and staff, its performance will continue to improve as long as it takes into account the greater complexity and size of its operations as well as rising expectations on the part of all stakeholders. Vigilant risk management is, therefore, among SCB's foremost responsibilities and top priorities.

The Bank's risk management framework is robust, supervised by a governance structure that is both transparent and sturdy. By continually strengthening the format and performance of its risk management systems, SCB will stay in control of current and emerging conditions, whether favorable or otherwise.

Risk Management System

SCB's risk management system has four major parts:

1. Risk identification

The risk management system identifies seven types of risk in the Bank's overall operations including transactions and activities with customers and counterparties. These types are strategic risk, credit risk, market risk, liquidity risk, operational risk, interest rate risk in the banking book, and reputation risk. These seven risk factors are discussed in detail below under the heading titled "Key Risk Factors for Banking Operations."

2. Risk measurement

To measure each risk, the Bank applies a variety of quantitative and qualitative methods based on internal ratings-based approaches and/or other appropriate internal models:

- **For credit risk**, the measures include risk rating to gauge the probability of default, credit scoring such as application scores, and behavioral scores to assess the risk profiles of retail clients. For derivative products, the Bank relies upon potential future exposure (PFE) methodology to measure credit risk exposure.
- **For market risk**, the measurements include both statistical tools, such as value at risk (VaR), and non-statistical methods, including risk-factor sensitivity analysis, position measures, and stress testing for trading book exposures.
- **For interest rate risk in the banking book (IRRBB)**, the Bank measures the risk of interest rate fluctuations by measuring the impact to net interest income and economic value of equity (EVE) under assumptions of interest rate fluctuation in normal and stress situations.
- **For liquidity risk**, the measures vary from balance sheet structure, cashflow of its assets and liabilities and also off balance sheet items. The liquidity risk measurement framework includes liquidity ratio, maximum cumulative outflow (MCO) and also the recently introduced liquidity coverage ratio (LCR).
- **For operational risk measurement**, the Bank uses risk and control self-assessments as well as loss incident data to determine risk and the effectiveness of the control environment underlying its operations, within each business unit. Moreover, as part of its risk mitigation process, the Bank has established a business continuity plan (BCP) to ensure continuity of key activities during a crisis event. The Bank's operational risk management approach calls for reviewing the risk profiles of all new products and material changes to existing products. It also mandates

oversight of insurance management to reduce the impact of potential operational risk events.

- **For strategic risk and reputational risk**, the Bank forms assessments relying primarily upon qualitatively set risk factors and indicators.

To obtain risk management that is more forward-looking, the Bank utilizes an increasing number of stress-testing approaches, in particular for market risk, credit risk and liquidity risk.

3. Risk monitoring and control

The Bank controls risk by establishing key risk indicators and risk limits for the exposure faced by the Bank at different levels: organization-wide, customer, product, transaction and others. The Bank has a variety of internal control mechanisms in place to manage, contain or eliminate risks in accordance with the Bank's policies and procedures.

4. Risk reporting

Risks are reported to relevant business units and executive management so that they can be managed appropriately and promptly. The Bank has developed risk reporting to cover risk at different levels: product, business-unit and bank-wide.

Governance Structure

The risk management system is complemented by a risk management governance structure with 10 parts:

1. Policies

The Board of Directors has the responsibility to develop and authorize the Bank's major risk management policies. The nine key policies are the Credit Policy Guide; Market Risk Policy; Trading Book Policy; Interest Rate Risk in Banking Book Policy; Operational Risk Policy; Business Continuity Management Policy; Strategic Risk Management Guideline; Reputation Risk Management Policy and Approval Process Guideline; and Liquidity Risk Policy.

Beyond these, the Board of Directors authorizes two other key related policies: the Risk Management Policy for the SCB Financial Group; and the Intra-Group Transaction Policy of SCB Financial Group.

2. Authority

The Board of Directors has the authority and responsibility for approving the delegation of authority to management and other committees. The authority includes credit approvals and decisions to underwrite different types of risks based on the underlying risk level (risk-based authority). Under the approval authority framework, SCB has designated credit approval authority to individual employees based upon their specific knowledge and experience, which is subject to the president's consideration.

3. Committees with significant roles in risk management

3.1 The Board of Directors has assigned three committees to deal with risk management matters as follows:

- 3.1.1 **The Executive Committee** is responsible for, among other matters, reviewing risk management policies and recommending them to the Board of Directors. In addition, the Executive Committee is authorized to approve loans and investments, and to administer related functions as determined by the Board of Directors.

3.1.2 **The Audit Committee** is comprised of independent members of the Board who are responsible for reviewing the adequacy of the Bank's risk management processes and policies and the effectiveness of implementation of the Bank's and SCB Financial Group's risk management systems.

3.1.3 **The Risk Management Committee** is responsible for reviewing risk management policies and recommending them to the Executive Committee and the Board of Directors; determining risk management strategies consistent with guidance by the Board of Directors; and managing overall risks of the Bank.

3.2 The Bank has several other committees to manage specific areas of risk:

3.2.1 **The Assets and Liabilities Management Committee** is responsible for managing market price risk, interest rate risk and liquidity risk.

3.2.2 **The Equity Investment Management Committee** is responsible for managing risk arising from the Bank's equity investment portfolio.

3.2.3 **The Credit Committee, Retail Credit Committee, and Special Assets Committee** are authorized to approve lending according to the level of approval authority that is specified for each committee. The Executive Committee has authority to approve loan amounts that are higher than amounts within the approval authority of these three committees. However, if a loan is granted to a Bank-related business, a major shareholder, or a party related to a member of the Board of Directors, the credit approval authority rests with the Board of Directors.

3.2.4 **The Underwriting Risk Committee** is responsible for considering, reviewing and approving the limit for security underwriting from a market risk perspective, while also making recommendations for consideration by the Executive Committee or the Board of Directors in cases where an underwriting risk limit is beyond its approval authority or for any high-risk transaction.

4. Credit risk governance

The Bank has long emphasized the establishment of a sound system of checks and balances in its credit organization. The credit origination functions and the credit approval functions are clearly segregated. The credit approval authority is determined in accordance with risk level or expected loss, which will depend on credit line, borrower risk rating, and severity class. For non-retail credit, the Bank assigns approval authority to both credit committees and individuals. For the approval of retail credit lending facilities, the Bank manages and controls the assessment of retail credit lending under the governance of underwriting criteria, which are approved by the Executive Committee or Retail Credit Committee. Additionally, the Bank assesses and measures retail credit portfolio risks through portfolio segmentation analysis in both product and customer segments.

5. Market risk governance

The Bank has determined market risk tolerance limits for its trading portfolios. Limits for each book are approved by the Executive Committee and the Board of Directors. The main market risks taken by the Bank are interest rate risk and foreign exchange risk. The Committee uses a number of risk monitoring and assessment tools to set limits on the

trading risk exposures, including statistical measures, value at risk (VaR), risk sensitivity measures (basis point value), position measures, and stress testing. In addition, trading portfolio performance is monitored and controlled by using management action trigger (MAT).

6. Interest rate risk in banking book (IRRBB) governance

The Bank sets risk thresholds for IRRBB by measuring impact to net interest income and economic value of equity (EVE) from the interest rate fluctuations under normal and stress situations. To monitor the IRRBB, the Bank produces a repricing gap report to analyze and estimate the risk. The analysis, risk estimates and risk management strategies are then reported to the Assets and Liabilities Management Committee (ALCO).

7. Liquidity risk governance

The Bank maintains adequate sources of liquidity in order to have sufficient cash flow to cover its activities under both normal and stressed conditions by using cashflow forecasts and liquidity gap projections. These cashflow and liquidity gap forecasts are then used to monitor and control the Bank's overall liquidity risks. The Bank's policy is to maintain a high liquidity ratio (liquid assets, as a percentage of total deposits including B/Es), and to monitor its monthly net cash outflow each month in order to ensure that it will be able to meet its liquidity needs on a timely basis.

8. Operational risk governance

The Bank has adopted three lines of defense as the first principle of the risk management framework in managing uncertainty and preventing risks. The first line of defense is the business frontline, which is responsible for ensuring that the risk control environment is properly established as part of day-to-day operations. The second line of defense is the oversight functions (e.g., operational risk management and compliance), which ensure oversight on business process and risk. The Bank's third line of defense is independent assurance providers (e.g., internal audit and other independent assurance providers) who provide independent review and objective assurance on the effectiveness of control.

Additionally, the operational risk management function delivers an operational risk agenda at business-level committees and submits risk management information systems dashboards and key risk indicators to management across key functions on a regular basis.

9. Risk management for subsidiary companies

The Bank's subsidiaries are responsible for establishing risk and internal control policies and practices to ensure effective risk management at a level that is compatible with the Bank and consistent with the consolidated supervision policy of the Bank of Thailand. The Board of Directors has approved an overall Risk Management Policy for the SCB Financial Group mandating that, where appropriate, each of the Bank's subsidiaries shall: formulate a risk management policy; implement an appropriate organizational structure; set risk tolerance limits; establish risk management methods; and prepare risk reports according to the risk management guidelines of the Bank. Each subsidiary is required to implement this policy framework, the level and complexity of which depends on the nature of its business.

Furthermore, the Bank requires prompt reporting and prior agreement for transactions involving a Solo Consolidation Group-related party (major shareholders and others with a beneficial interest), including loans, investments, and contingent liabilities made available to customers under a single lending limit. For related party transactions within the SCB Financial Group, the Bank applies good governance principles. These transactions shall not have special conditions different from those of ordinary business transactions. Any

company that is wholly owned by the Bank may operate in the same way as the Bank's business units, and it can use the Bank's shared services/resources or provide services to the Bank at commercially reasonable terms and conditions that are acceptable to both sides.

10. Risk Management Group

The Risk Management Group reports to the president and is responsible for determining the framework for risk management and recommending risk management policies, as well as monitoring and reporting on major types of risk. The Risk Management Group has the responsibility to upgrade the risk management policies and practices within the Bank to be at par with international standards, and to ensure that the Bank and its subsidiaries have a comprehensive and cohesive risk management framework.

Key Risk Factors for Banking Operations

1. Risks pertaining to economic uncertainties

The Thai economy recorded significantly lower growth in 2013. Domestic demand was lackluster due to weak household consumption, sapped by the end of the first-car tax rebate scheme, and delays in government spending on flood prevention projects and transport infrastructure. The sluggish pickup in global demand stalled Thai exports to the first contraction in four years, notwithstanding exchange rate volatility brought about by disruptive capital flows.

The Bank forecasts that the Thai economy will expand by 2.4% in 2014 on the back of improving exports and household consumption. Shipments are set to accelerate as the world economy is on course to recovery, while consumer spending will regain its momentum in the latter half of the year as the first-car scheme's demand-shifting effect subsides and households are left with more disposable income due to a reduction in personal income taxes.

A factor that contributes uncertainty to the domestic economic outlook is the unresolved status of disbursements of public budget and proposed extra-budgetary projects. Household debt, which has risen above 80% of Thailand's output, poses a long-term risk to consumption. External risk chiefly involves the prospect that the U.S. Federal Reserve will slow its asset purchases, which has prompted volatile capital movements and rising U.S. government bond yields that will continue to drive fluctuation in the Thai currency's exchange rate and higher borrowing costs in Thailand's bond market.

To manage the risk arising from economic fluctuation, the Bank regularly reviews its credit quality to ensure sufficient loan loss provisions, and regularly monitors its portfolio for potential credit concentration that can jeopardize the Bank's solvency in the event of severe economic deterioration. Following regulatory guidelines, the Bank has also established an internal capital adequacy assessment process or ICAAP to help the Bank ensure capital adequacy by assessing the types and levels of risks facing the Bank. Stress testing is one of the key capital assessment techniques that the Bank employs under ICAAP to ensure that the Bank can cope with economic downturns and will have adequate capital to absorb unexpected losses.

2. Concentration risk

Concentration risk relates to any single exposure or group of exposures in an entity or sector having potential to produce large losses for the Bank in the event of problems in that entity or sector.

The Bank manages credit concentration risk by determining proper ratios for potential losses in each customer group for control and monitoring as follows:

- Lending, investment, contingent liabilities or lending-like transactions to any major borrower or project must not exceed 25% of capital of full Consolidation companies.
- Lending, investment, contingent liabilities or lending-like transactions to all major borrowers with total debts exceeding 10% of the Bank's total capital must not exceed three times the Bank's total capital.

Additionally, lending must not be concentrated in a particular industry, which is determined from industry trends, the business opportunity, probability of loss, and probability of default. The Bank has applied statistical tools to determine industry limits, such as the Herfindahl-Hirschman Index (HHI), which is an index adopted for measuring industry concentration.

3. Counterparty credit risk

Counterparty credit risk is the risk associated with default by counterparties related primarily to derivatives contracts. The Bank's domestic counterparties are customers that need to square their positions and minimize their risk exposure, and that have entered into derivative contracts with the Bank, such as interest-rate swaps, currency swaps, equity instruments and forward rate agreements. To maintain the Bank's market risk exposure within the designated limits, the Bank may hedge its risk exposure in part or whole (back-to-back) by entering into off-setting agreements with foreign banks active in the OTC derivatives markets. This creates counterparty credit risk exposure to these banks.

The Bank specifies a policy line credit limit for each counterparty, which is submitted for approval in the same manner as those of credit customers. In order to set the maximum acceptable policy limit for each counterparty, the Bank takes into consideration counterparty credit ratings and Tier 1 capital, while also establishing sovereign risk limits for each country. In monitoring the risk, the Bank closely monitors the credit status of counterparties in terms of aggregate exposure, credit default swap (CDS) spread, change of credit rating, and the changes in market capitalization of its counterparties. This information is reported to senior management on a daily basis for use in making decisions or for making any adjustments, in order to maintain the Bank's risk within acceptable levels, both in normal situations and during times of elevated risk.

To mitigate the credit exposure to its main foreign bank counterparties, the Bank has entered into ISDA credit support annexes (CSA) with a majority of these counterparties. These require placement of collateral in the form of cash or highly liquid securities in the event that the fair market value of any contract deviates beyond an agreed threshold.

4. Country risk

The Bank monitors its exposure to both direct and indirect country risks arising from its business operations in order to identify in a timely fashion any potential large losses that may arise due to adverse conditions occurring in other jurisdictions or hostile actions by sovereign entities. The Bank manages country risk by determining a limit policy and country limit for each country, based on a sovereign scorecard and external credit ratings.

5. Non-performing loan (NPL) risk (bank basis)

NPLs arise when a debtor fails to repay debts according to an agreed schedule. The Bank stands to lose not only interest income, but sometimes also the principal balance, whether wholly or in part, and as a result this risk could affect the Bank's profitability and capital adequacy.

At the end of 2013, Bank-only NPLs stood at Baht 38,233 million, up in absolute terms from Baht 33,590 million in 2012, and also up in terms of percent of total credit, to 2.1% in 2013 from 2.0% in 2012. These NPLs can be classified into four categories:

restructured debts (38.2%), debts pending completion of restructuring negotiations (32.7%), debts pending the outcome of legal proceedings (14.2%), and debts pending legal execution (14.8%). The Bank manages its NPL risk by setting aside adequate loan loss provisions for expected losses. At the end of 2013, the Bank had total loan loss provisions of Baht 58,978 million, covering 154.3% of NPLs.

6. Off-balance-sheet risk

In adherence to generally accepted accounting standards, some of the Bank's obligations with customers and counterparties are classified as off-balance-sheet items together with the underlying credit risk and market price risk that would arise in the event of contractual failures caused by customers, counterparties or the Bank.

At the end of 2013, the Bank's obligations arising from aval and guarantees, liability under unmatured import bills, and letters of credit amounted to Baht 38,844 million (a 34.0% increase from the year before).

In managing off-balance sheet exposure, the Bank treats such obligations as a form of credit risk, and business units are required to follow the normal credit approval process in addition to assessing the cumulative exposure against the risk tolerance limit set for each customer, counterparty and country. Furthermore, the Bank assesses the fair value of derivatives by using the mark-to-market method.

Also, the Bank hedges its derivatives risk exposure to market price volatility by setting limits using a variety of risk indicators such as VaR, risk sensitivities including option greeks, loss action triggers, and stress testing.

7. Risk from impairment in value of real property collateral

As most collateral placed with the Bank is in the form of real estate, the Bank's collateral would be negatively affected by a sluggish property market in which property prices fall. As a result, the Bank could suffer higher losses from its NPLs. The Bank has therefore developed a Collateral and Non-Performing Assets Appraisal Policy as part of the Credit Risk Management Policy to ensure that collateral and NPA values reflect fair market value, especially for loan loss provision, capital calculation and debt restructuring.

The Bank has managed impairment risk by establishing this Collateral and Non-Performing Assets Appraisal Policy. Collateral is reassessed every five years for credit lines higher than Baht 20 million. For non-performing loans (NPLs), the collateral value is reassessed every three years; however, if collateral value affects the decision-making process such as restructuring a loan, the collateral price must reflect fair market value and be reassessed within one year. For non-performing assets, collateral is re-appraised every year. Regarding choice of appraiser, the Bank is allowed by the BOT to use its internal appraiser for loans of any size.

8. Foreign exchange risk

Fluctuation in exchange rates affects the value of the Bank's foreign currency denominated assets and liabilities. The Bank's transactions exposed to foreign exchange risk include proprietary trading transactions and customer transactions for money transfers as well as payments related to international trade and foreign investment. These transactions may result in a change of the Bank's foreign currency position to a net creditor or a net debtor at any point in time. If the Thai baht appreciates against other currencies at a time when the Bank is a net creditor, the Bank would suffer a foreign exchange loss, whereas depreciation of the Thai baht would enable the Bank to reap the benefit of foreign exchange gains. On the other hand, if the Bank is in a net-debtor position, the appreciation of the Thai baht means a foreign exchange gain for the Bank; and conversely, the depreciation of Thai baht means foreign exchange losses.

It is the Bank's practice to hedge against foreign exchange risk by setting risk limits on foreign exchange risk exposure. These limits are determined by the use of statistical methods such as VaR, as well as monetary limits, such as net open position, open position by currency, management action triggers, etc.

As of December 31, 2013, the Bank's foreign currency position was as a net debtor of USD 261 million (USD equivalent), and VaR was Baht 34 million.

9. Interest rate risk

The fluctuation of interest rates affects the Bank's interest income and expenses. Interest rate risks can be classified into four categories:

- **Repricing risk** is the risk that arises from timing differences or mismatches in maturity, and interest rate changes relating to the Bank's assets and liabilities, caused primarily by shifts in major interest rates. For example, if the Bank's assets can be repriced faster than liabilities (positive gap), interest margins increase when interest rates rise. On the other hand, if the Bank's ability to reprice assets is slower than liabilities (negative gap), then interest margins narrow when interest rates rise.
- **Yield curve risk** is the risk that changes in market interest rates may have different effects on yields or prices on similar instruments with different maturities.
- **Basis risk** occurs when the Bank's assets and liabilities are based on different benchmark interest rates, e.g., fixed-deposit rates, interbank lending rates, THBFX interest rates, etc. Therefore, any change in benchmark interest rates will affect interest rates tied with assets and liabilities differently.
- **Options risk** arises from implicit and explicit options in the Bank's assets and liabilities, and off-balance-sheet items. The exercise of options might affect the Bank's revenues and costs. For example, the option on three-month or six-month deposits that allows a depositor to withdraw funds before the due date will, if exercised early, cause the Bank to bear sooner-than-expected costs.

In managing its interest rate risk, the Bank sets risk tolerance limits for both the trading book and banking book. For trading book exposures, there are limits on VaR, sensitivities to yield curve and basis shifts (basis point value), and stress testing. For banking book exposures, limits are determined based on percentage of income and capital.

As of December 31, 2013, VaR of interest rate risk exposure in the trading book was Baht 56 million. For the banking book, a 1% increase of interest rates for a period of one year would increase net interest income by Baht 439 million, and will decrease economic value by Baht 3,263 million.

10. Liquidity risk

Liquidity risk is a critical risk area, which arises from a mismatch of maturity of the Bank's assets and liabilities. A commercial bank typically raises a substantial portion of its funds from short-term instruments, e.g., short-term fixed deposits and demand deposits such as savings accounts and current accounts. Yet a bank uses funding from these sources to extend loans that generally have longer tenure than the deposits.

To manage liquidity risk, SCB maintains adequate liquidity at all times, to ensure that the Bank is in a position to meet all its obligations, to repay depositors and to fulfill commitments to lend without having to liquidate assets or raise funds at unfavorable terms. Moreover, the Bank also monitors and performs in-depth liquidity gap analysis for both normal and stress scenarios to ensure that the assets and liabilities structure is positioned well within the acceptable risk tolerance level.

The Bank has a policy to maintain its daily liquidity ratio at 20% or higher, measured as total liquid assets to total deposits and bills of exchange. At the end of December 2013, the Bank had liquid assets at 24.19% of total deposits and bills of exchange, thus assuring the Bank of ample liquidity under both normal situations and crisis scenarios.

11. Strategic risk

Strategic risk refers to the risk of a current and/or prospective impact on the Bank's earnings, capital, and survival arising from such factors as changes in the environment the Bank operates in, adverse strategic decisions, improper implementation, or lack of responsiveness to industry, economic and technological changes.

The Board of Directors has adopted strategic risk management guidelines as a framework to provide a formalized and structured approach in managing strategic risk. Strategic risk is managed throughout the strategy process itself and through the assessment of strategic risk. The strategy process – including strategic planning, alignment and change management, implementation and monitoring and performance evaluation and feedback – is shaped so as to ensure the sufficiency of information taken into consideration in properly formulating and implementing strategy. The risk assessment, which is a part of the Bank's risk materiality assessment framework, is performed to monitor potential strategic risk occurring from both external and internal factors.

The Finance Group is currently the strategy process owner responsible for supporting the Board and senior management to formulate and review strategy as well as decide on a prompt action (if required). Moreover, the Finance Group is responsible for strategic risk assessment on a regular basis.

12. Operational risk

According to the Basel Committee of the Bank of International Settlements (Basel II), operational risk refers to "the risk of loss resulting from inadequate or failed internal processes, people, and systems or from external events," including legal risk, and reputation impact arising from operational risk, but not including strategic risk. Risk factors can arise from both internal and external environments, such as changes to key personnel, organizational structure, processes, systems or products; force majeure; riot; etc.

The Bank realizes that operational risk is a key risk arising from its business operations and therefore emphasizes effective operational risk management, while aiming to continually improve this crucial process over time.

Business and support units within the Bank are responsible for managing their operational risk by applying the methodologies and approaches that the Bank is continually developing. The respective units perform risk and control self-assessments; identify key risks; evaluate the effectiveness of controls; and establish action plans in order to reduce or prevent these risks and ensure that their operational risks are at an acceptable level and also appropriate for their business profiles.

In 2013, the risk and control assessments (RCSA) were continued from the prior year in order to identify any new emerging risks or degradation of control performance. In addition, key operational risks were aggregated from Divisional to a Bank-wide level, benchmarked with key external risks (such as cyber-crime), and presented to senior management for agreement and setting of action plans.

To ensure that critical businesses and service to customers are not materially disrupted during a crisis or unexpected circumstance, the Bank continued to improve crisis communications and business continuity capabilities throughout 2013. The Bank has implemented the latest technologies and improved its Crisis Committee and business

continuity procedures (such as business impact analysis) so as to deliver a robust and highly effective approach to crisis management.

Lastly, the Bank is actively working to improve effectiveness and efficiency of governance and risk information. In this regard, the Bank has selected BWISE, a company that is part of the NASDAQ OMX Group, which is a global leader in software for governance, risk management and compliance (GRC), to deliver an e-GRC platform to support SCB with the automation and integration of the Bank's internal audit, risk management and compliance framework. In 2014, the e-GRC software will improve the manner in which the Bank manages risk, adopts appropriate governance and meets regulatory compliance. Importantly, it will help the Bank to improve operational decision-making and strategic planning in response to timely and accurate single-source risk and control data.

13. Risk pertaining to changes in statutory policies, laws, rules and regulations

It is the Bank's responsibility to comply with statutory rules and regulations issued by various authorities, e.g., the Bank of Thailand, the Securities and Exchange Commission, the Stock Exchange of Thailand, Anti-Money Laundering Office and other relevant authorities.

The Bank has established a Compliance and Operational Control ("Compliance Unit") under the Audit and Compliance Group, which directly reports to the Audit Committee. This Compliance Unit is responsible for providing advice, recommendations and opinions on various issues in order to comply with laws and regulations to ensure that the Bank and its subsidiaries in the SCB Financial Group are in compliance with statutory laws, rules and regulations as well as internal policies and procedures.

14. Reputation risk

Reputation risk can arise from adverse public perception of the Bank. Given its nature, it is difficult to identify or assess this type of risk because it is influenced by changing political, economic and social conditions, including specific public expectations of the Bank.

To manage reputation risk, the Bank relies upon the participation of the Board of Directors and senior management in order to obtain different opinions for assessing reputation risk and establishing safeguards.

The Board of Directors has established procedures for the Bank in dealing with businesses or issues that might have any significant potential to become subject to public criticism whereby, in the first instance, if the Bank and its subsidiaries engage in any such business or issues, the management concerned must seek approval from the chairman of the Executive Committee or the president before initiating or participating in any such transaction, in order to determine the appropriateness of the Bank's involvement. The matter is then reported to the chairman of the Board, the chairman of the Audit Committee, and the chairman of the Nomination, Compensation and Corporate Governance Committee. In the second stage, the Executive Committee has the authority to approve the transaction with the consent of the chairman of the Board, the chairman of the Audit Committee, and the chairman of the Nomination, Compensation and Corporate Governance Committee.

The Corporate Communications Division (CCD) is responsible for coordinating with business and non-business units within the Bank to identify and monitor reputation risk factors including:

1. Transactions that might affect the Bank's reputation.
2. Incidents of regulatory non-compliance.
3. Customer complaints.
4. Adverse impact from employee-related issues.
5. Negative media coverage.
6. Financial standing and integrity of the Bank.

The CCD also conducts an assessment of overall reputation risk and reports the findings to the Bank's Risk Management Committee and Executive Committee.

15. Capital adequacy risk

Following the global financial crisis of 2008, the Basel Committee on Banking Supervision announced a new set of regulatory guidelines for strengthening the resilience of the banking sector, better known as Basel III, in December 2010. The new guidelines aimed to strengthen the capital position as well as to set a new standard of liquidity risk management framework for banks worldwide. The Bank of Thailand has indicated its willingness to adopt this framework with minor local adjustments in order to ensure that Thai commercial banks meet the stringent international standards.

In line with the Basel III timeline, all Thai commercial banks, since 1 January 2013, are required to maintain a total capital adequacy ratio of not less than 8.5%; of which no less than 4.5% must be in common equity Tier 1 (CET 1) capital and no less than 6% in total Tier 1 capital. In addition, the BOT plans to adopt a new capital conservation buffer of up to 2.5% of CET 1, which will be phased in at 0.625% p.a. starting from 1 January 2016 to 1 January 2019. Banks that cannot meet this minimum requirement may be subject to earnings-distribution restrictions, i.e., on dividend payouts, discretionary bonus payments, share buybacks, etc.

From 1 January 2013, SCB adopted the Basel III guidelines for the bank-only basis and early adopted Basel III guidelines for the consolidated basis one year earlier. The Bank continues to apply the standardized approach as a guideline for maintaining regulatory capital adequacy for credit risk, market risk in the trading book, and operational risk. The Bank also continues to manage, monitor and report its capital adequacy position through the internal capital adequacy assessment process (ICAAP), which also includes conducting capital forecasts and stress testing. The Bank defines its proposed target capital ratios in the ICAAP report to reflect the Bank's capital targets vis-à-vis its overall risk appetite. The Bank submits the ICAAP report to the BOT on an annual basis by end of March. Furthermore, in order to encourage market discipline, the BOT requires commercial banks to disclose key information on capital structure and adequacy, risk exposures and risk assessment and management or 'Pillar III disclosure' in the Bank's website on a semi-annual basis.

At 31 December, 2013, under the Basel III framework, the Bank has total capital of Baht 262 billion, of which Baht 203 billion is classified as CET1/Tier 1 capital (11.8% of risk-weighted assets) and Baht 59 billion (3.4% of risk-weighted assets) is classified as Tier 2 capital. For SCB Financial Group, the total capital stood at Baht 268 billion, of which Baht 209 billion is classified as CET1/Tier 1 capital (12.0% of risk-weighted assets) and Baht 59 billion (3.4% of risk-weighted assets) is classified as Tier 2 capital.

Furthermore, if the Bank's 2H13 net profit are incorporated in determining capital adequacy, CET1/Tier 1 capital would stand at 13.1% on a Bank-only basis and 13.3% on a consolidated basis.

Hence, the Bank is confident its current level of capital is more than adequate to support its planned business growth and new regulatory buffers and to respond to potential impact from economic uncertainties.

Risks to Shareholders

Risks to shareholders might arise in the event the shareholders do not receive the expected return from their investments. Returns to shareholders can be in the form of both dividend income and capital gains. Dividend income is the direct result of the Bank's operating performance. When the Bank reports healthy net profit in a financial year, shareholders should expect to receive dividend income as stated in the Bank's policy on dividends in the range of 30-50% of the Bank's consolidated net profit. In terms of capital gains, the sole underlying factor is the price performance of SCB shares, which in turn reflects multiple variables such as the Bank's performance and outlook, domestic and global economic conditions and outlook, domestic political stability, foreign funds inflows and outflows - most of which are beyond the Bank's control.

The Bank's performance is the only variable within the Bank's control, and in recent years this has been in line with or well above market expectation. At the start of each year, the Bank provides broad guidance on its financial targets. Thus, the risk to shareholders is that the Bank may not be able to meet the said financial targets in a particular year, which might affect both the dividend and the share price. However, this risk is mitigated by the fact that SCB has a clear business strategy with appropriate short-to medium-term strategic thrusts, along with clear annual financial targets. In addition, over the past four years the Bank has delivered the highest net profit among the Thai financial institutions, in a very competitive environment. While past performance does not guarantee future results, it does demonstrate the competitive positioning of the Bank, the effectiveness with which it formulates and executes strategies and the quality of its management team. As a result, the Bank expects to be better shielded from the adverse impact, if any, from external factors, as compared to many other banks in the industry.

The Bank's two major shareholders account for a sizable proportion of total shares outstanding and this poses a potential risk should these major shareholders unwind large positions onto the stock market. This might adversely impact the Bank's share price. Nevertheless, the Bank expects the impact from this potential risk factor to be relatively short, given that the Bank's shares make up one of the highest market capitalizations on the stock exchange, which in turn makes it one of the most liquid stocks, with some of the highest trading volumes on the exchange. Also, the said two major shareholders have held these shares for a long time and have never expressed or indicated any interest whatsoever in diluting or divesting their holdings.

INTERNAL CONTROL AND RISK MANAGEMENT

The Bank monitors and assesses the adequacy of internal control and risk management on an on-going basis. Assessment covers five components: internal control, risk assessment, operational control, information systems and communications, and monitoring systems. The Bank has conducted the following activities to enhance the effectiveness of its internal control system and risk management practices.

Internal Control and Operational Control

The Bank requires all business units, including those under the umbrella of its financial group, to maintain a culture and environment that provides for a sound and effective internal control system. The Bank believes that a sound internal control system is critical to meeting its business objectives. Accordingly, the Bank has established an organizational structure with clear supervisory lines, scope of authority for management and staff, and proper segregation of duties. In addition, the Bank has written policies, regulations, operational procedures, manuals, and instructions, which are reviewed and updated on a regular basis. Moreover, the Bank provides extensive training to ensure that executives and staff possess relevant knowledge and skills to support its business operations. The Bank has formulated a code of conduct, along with related regulations and provisions for disciplinary action. The Bank has put in place a whistleblower policy in order to gather and address complaints and notifications that may indicate potential fraud or corruption. These efforts are to ensure that management and staff perform their functions with transparency, integrity, fairness and accountability, and that their performance is routinely reviewed.

Risk Assessment

The Board of Directors has assigned the Risk Management Committee to be responsible for formulating policies and duties related to risk management for the Bank and the SCB Group, as well as overseeing and reviewing the effectiveness of its risk management framework and risk assessment procedures on a regular basis. When planning for new or improved risk management practices, the Committee considers internal and external factors and their potential impact. The Risk Management Committee provides updates from its meetings to the Audit Committee, Executive Committee and the Board of Directors on a monthly basis.

The Bank has continuously developed and improved risk management processes and risk assessment procedures, while appropriately controlling and monitoring the underlying risk levels and the potential exposure to the Bank. Also, the Bank evaluates the adequacy of provisions and capital so as to cover all significant risk factors and to ensure that the Bank complies with related regulatory requirements and that it has the capacity to address potential risks.

Information Systems and Communications

The Bank and the SCB Group continually develop information systems to provide information in a complete, accurate, reliable, and timely manner for the Board of Directors, executives, and other stakeholders such as shareholders, investors and regulators. The Bank emphasizes information technology security and information security, with continual enhancement to the systems to ensure that its security measures are sound and appropriate.

The Bank provides internal communication channels for the Bank and the SCB Group to disseminate policies, regulations, procedures, manuals and essential information. These communications keep executives and staff knowledgeable and informed and facilitate compliance in a proper and timely manner.

Monitoring Systems

Under the Audit Committee's supervision, the Audit and Compliance Group is responsible for assessing and monitoring the Bank and the SCB Group's internal control systems, risk management and regulatory compliance. In 2013, the Bank placed emphasis on compliance with policies to combat money laundering and financing of terrorism. The Bank reviews internal control, the reasonableness of transactions, and causes of any issues or risks found during audits and compliance reviews in order to take corrective action and improve operational procedures. Moreover, the Bank follows up on the results of such improvements. The main efforts are to ensure that the Bank's internal control system is adequate, appropriate, thorough and efficient; that information is accurate, complete, reliable, and timely; and that the Bank complies with relevant regulations.

The Audit Committee has reviewed the adequacy of the Bank's internal control system in all aspects and concluded that the Bank's internal control system is appropriate and adequate for its business operations and that no significant issues or deficiencies were present. The Audit Committee's opinion is in line with that of the Bank's auditor.



**THINK OF
SELLING ONLINE**

**THINK
SCB**



The 2012 Annual General Meeting of Shareholders

The Board recognizes the critical importance of corporate governance (CG) in the Bank's pursuit of sustainable and profitable growth, creating long-term shareholder value, and securing the trust of all stakeholders, including shareholders, customers, employees and the community. As a result the Board consistently adheres to good corporate governance principles and practices. These practices have contributed to the Bank's financial success over the past decade, and won recognition from several organizations including the "Best CG Report" award for the fourth consecutive year from the Stock Exchange of Thailand (SET Awards 2013) and the "Corporate Governance Asia Recognition Award" for the seventh consecutive year from Corporate Governance Asia. In the 2013 CG assessment results announced by the Thai Institute of Directors (IOD), the Bank was recognized as an organization with excellent corporate governance practices and for its continuous development of such practices over the past nine years, from 2005 to 2013. Also, the Thai Investors Association awarded the Bank a 'full' score of 100 points for the fourth consecutive year in its assessment of shareholders' meetings (from 2010-2013).

As part of the Bank's commitment to sustainable development, SCB supports the efforts of Thai society in promoting and adhering to the principles of the 'Sufficiency Economy' philosophy. As a financial institution, the Bank recognizes the importance and applicability of the Sufficiency Economy principles of risk management, balance, reasonableness, ethics, and knowledge management in both forming business strategy and conducting everyday operations. Indeed, these principles are the bedrock by which corporate governance is implemented at the Bank, as further highlighted in SCB's first Sustainability Report, published this year together with the Annual Report.

Corporate Governance Policy

The Board has assigned the Nomination, Compensation and Corporate Governance Committee to formulate the Corporate Governance Policy and monitor compliance with the Policy. The Committee also reviews and revises the Policy to ensure that it is appropriate and in line with the guidelines issued by supervisory authorities, as well as with internationally accepted standards for corporate governance. The Bank's Corporate Governance Policy encompasses the following:

- 1) The Policy requires that Bank must have in place a clear vision, mission and code of conduct governing practices of the directors, managers and employees of the Bank. The Board has approved the Bank's vision to serve as **"The Bank of Choice for Our Customers, Shareholders, Employees and Community,"** as well as the Bank's mission of becoming **"The Best Universal Bank in Thailand"**.
- 2) The Policy formalizes, among others, the structure, inclusive of roles and responsibilities, composition, and tenure of members, of the Board and the Board committees, the Board's meeting procedure, nomination and appointment of members of the Board, orientation for the Board's new members, the holding of positions by the directors in other companies, separation of position and roles among the chairman of the Board, the chairman of Executive Committee and the president, remuneration of directors and persons with authority to manage its operations, assessment of performance of the Board and persons with authority to manage its operations, succession planning, and roles and functions of the company secretary.

- 3) The policy enumerates the rights and treatment of stakeholders (shareholders and other stakeholders) in terms of arrangement of shareholders' meetings, dividend payments, and transparency through disclosure of information.
- 4) The Policy restricts the use of confidential and non-public information by directors and employees and specifies rules governing connected transactions, conflict of interest, and conflict-of-interest reporting.

In this regard, the Corporate Governance Policy is publicly disclosed and available on the Bank's website (www.scb.co.th) under the sequence of menu headings "About SCB," "Corporate Governance," and then "Corporate Governance Policy."

2013 Corporate Governance

The Bank's corporate governance practices in 2013 were as follows:

1. Rights of Shareholders

The Bank has complied with its Corporate Governance Policy with the aim of ensuring that shareholders enjoy their rights and exercise such rights in an equitable manner, such as buying or selling shares, receiving dividends and receiving adequate, timely and complete information about the Bank through easily accessible channels. In addition, shareholders are entitled to take part in material business decisions, e.g., payment of dividends, appointment and removal of directors, determination of directors' remuneration, appointment of auditors, determination of audit fees, amendment to provisions of the Memorandum and Articles of Association, and approval for special transactions (if any) (e.g., capital increase or reduction, acquisition or disposal of assets, or connected transactions.) The shareholders may cast their votes on the aforesaid matters according to details provided in the Notice of the Annual General Meeting of Shareholders or, if applicable, the Extraordinary General Meeting. The principles adopted by the Bank in respect of treatment of shareholders are shown in detail on the Bank's website (www.scb.co.th) under the sequence of menu headings "About SCB," "Corporate Governance," "Corporate Governance Policy," and then "Rights and Treatment of Stakeholders."

1.1 Shareholders' Meeting

In 2013, the Bank held its Annual General Meeting of Shareholders (AGM) No. 190 on 4 April 2013. The Bank conducted the proceedings in a manner to ensure that the shareholders were able to exercise their rights in accordance with law, relevant regulations and good governance practices.

- 1) The Bank ensures that shareholders receive clear and adequate information, have sufficient time to consider agenda items of the AGM, and are able to easily access the Notice of the AGM and its accompanying documents. To this end, the Bank posted the Notice of the AGM and proxy forms both in Thai and English on its website 31 days prior to the meeting date. Then, the Notice of the AGM, in both in Thai and English, together with the 2012 Annual Report (in CD-ROM format) was sent via post to shareholders 14 days in advance of the meeting date. The aforesaid Notice of the AGM contained information such as date, time and venue of the meeting, and details of each agenda item (including factual background, rationale, and opinions or recommendations of the Board) as well as accompanying documents, including details of meeting procedures, voting and proxy appointments. Furthermore, the Bank posted the Notice of the AGM on bulletin boards at its head office and all its branches. The Meeting Notice was also advertised for three consecutive days in newspapers at least three days prior to the date of the AGM. Shareholders were entitled to receive the printed 2012 Annual Report before the date of the meeting from the company secretary upon request.
- 2) To encourage participation of all shareholders (individuals, juristic persons and institutional investors) to attend the AGM

and exercise their rights in an equitable manner, the Bank delivered the Notice of the AGM together with the Proxy Form B to the shareholders for the appointment of proxies to attend the meeting on their behalf in the event that the shareholders were unable to attend the AGM in person. Furthermore, institutional investors such as fund managers or custodians were invited to nominate their representatives to attend the meeting and, for their convenience, the Bank assigned officers to check the required documents in advance of the meeting.

- 3) To facilitate attendance by all shareholders and proxy holders, the AGM was held on a working day at the Bank's head office. On the meeting day, the registration counters were open two hours prior to the meeting time to facilitate procedural document checks and registration. The Bank's meeting registration service made use of a bar code system whereby different counters were set up for each shareholder by type, i.e., individuals, juristic persons, and fund managers or custodians. For efficiency and convenience, the Bank allocated to each shareholder or proxy holder the ballots bearing the same bar code as their registration bar code for voting on each agenda item. The meeting registration remained open to shareholders during the meeting, allowing shareholders to register and attend the meeting at any time and vote on any remaining agenda item.
- 4) During the meeting, the chairman of the Board presided as the chairman of the meeting and all 16 directors of the Bank attended the meeting together with the Bank's senior executives and the external auditors in order to clarify and respond to the questions or issues raised by shareholders or their proxies. Prior to proceeding in accordance with the meeting agenda, the company secretary informed the meeting of the voting procedure for each agenda item. Holders of the Bank's ordinary and preferred shares including the proxy holders who attended the meeting were entitled to cast their votes based on the one-share-one-vote rule. In order to increase the efficiency and speed of the voting process, only the ballots for disapproval and abstention votes were collected. Voting and ballot counting were conducted openly and a bar code system and personal digital assistant (PDA) were employed in tabulating and reporting votes. SCG Legal Counsel Limited was assigned by the Bank to review and inspect the validity of the proxy appointments, adequacy of quorum, and tabulation and reporting of votes. As a result, the voting results for each agenda item were reported to the meeting in a timely, accurate and transparent manner.
- 5) Multimedia presentations were shown at the meeting including Year 2012 performance highlights and a brief summary of the 2013 business strategies. The chairman of the meeting allowed shareholders the opportunity to ask questions and/or make recommendations on an equitable treatment basis and provided comprehensive responses to all questions or issues raised. The directors and management jointly replied to shareholders' questions and clarified issues. Minutes of the meeting and votes cast under each agenda item were recorded by the company secretary. Additionally, the meeting proceeded in accordance with the announced agenda, and the Bank did not switch, add, or revise any agenda items or modify previously issued information during the meeting.
- 6) Immediately following the meeting, the resolutions adopted were posted in both Thai and English on websites of the Stock Exchange of Thailand and the Bank. Such disclosure was made in compliance with applicable requirements prescribing that the AGM resolutions must be posted at least one hour in advance of trading hours of the Stock Exchange of Thailand. In addition, the minutes of the AGM in Thai and English were submitted to the Stock Exchange of Thailand and made available on the Bank's website within 14 days following the meeting to allow shareholders early access and for all other stakeholders to note and study the Bank's AGM proceedings. The minutes were available for future reference, and each

material matter proposed at the meeting was recorded in these minutes. These material matters included the name list of directors and senior executives who attended the meeting, the voting procedure, abstracts of the questions and issues raised and the answers or clarifications provided by the Board and senior executives, the resolutions reached together with the number of approval, disapproval and abstention votes.

1.2 Dividend Payment

The Bank has a dividend policy that provides guidance that dividend payout will usually be in the range of 30-50% of its consolidated annual net profit and such payout would take into account the long-term return to all shareholders. Dividends will be considered in any year where the Bank, after deduction of all statutory and other reserves, posts a profit provided that there are no accumulated losses and the Bank is able to maintain adequate capital funds in compliance with the regulatory requirements as well as the need to preserve capital for near-term business needs. The interim dividends and annual dividends will be paid within 30 days after the date the dividend payment is approved by the Board or the shareholders' meeting.

At the AGM No. 190 held on 4 April 2013, the meeting resolved to approve the dividend payment from the Bank's 2012 operating results to holders of the Bank's preferred and ordinary shares at the rate of Baht 4.50 per share, equivalent to a total of Baht 15,296 million or approximately 38.0% of the 2012 net profit according to the Bank's consolidated financial statements. The dividend payment for 2012 was paid as follows:

- 1) The Board in its meeting No. 9/2012 dated 28 August 2012 resolved to approve an interim dividend payment at the rate of Baht 1.00 per share to holders of the Bank's preferred and ordinary shares. The interim dividends were paid to holders of the Bank's preferred and ordinary shares on 21 September 2012 (24 days from the date of approval for the interim dividend payment by the Board); and
- 2) The final dividend was paid at the rate of Baht 3.50 per share to holders of the Bank's preferred and ordinary shares on 3 May 2013 (29 days from the date of approval for the dividend payment by the shareholders' meeting).

1.3 Communication among the Bank's Shareholders

The Bank does not seek to prevent communication among its shareholders. Shareholders may freely share information and request a copy of the name list of the Bank's shareholders from the Ministry of Commerce.

2. Equitable Treatment of Shareholders

As stipulated in the Bank's Corporate Governance Policy, all shareholders, i.e., major, minor, institutional and foreign shareholders, are entitled to common shareholder rights and to be treated on an equitable and fair basis. The principles of equitable treatment of shareholders to which the Bank has adhered are provided on the Bank's website (www.scb.co.th) under the sequence of menu headings "About SCB," "Corporate Governance," "Corporate Governance Policy," and then "Rights and Treatment of Stakeholders."

2.1 Invitation to Shareholders to Propose Agenda Items, Candidates for Directorship and Questions in Advance of Shareholders' Meeting

The Bank's shareholders are invited to propose matters to be included as meeting agenda items, qualified candidates for directorship, and questions in advance of the shareholders' meeting based on the criteria announced on the Bank's website. Such proposals and questions are to be submitted to the company secretary via post or e-mail (at company_secretary@scb.co.th). The Nomination, Compensation and Corporate Governance Committee will consider the shareholders' proposals prior to submission to the Board for further consideration. The decision on the proposal will be notified to the concerned shareholders for acknowledgment.

Any proposals that are accepted will be included in the agenda at the next AGM.

The Bank invited shareholders to propose agenda items, candidates for directorship, and questions for the 2013 AGM three months prior to the end of the Bank's accounting period, i.e., between 1 October and 31 December 2012.

2.2 Proxy Appointments for Shareholders' Meeting

To promote shareholders' rights, the Bank has made available at each shareholders' meeting three types of proxy forms (Form A, Form B and Form C) as determined by the Department of Business Development, Ministry of Commerce, in order that shareholders who cannot attend a shareholders' meeting in person may appoint proxies to attend the meeting on their behalf and exercise their rights as shareholders.

At the 2013 AGM, the Proxy Form B, which indicates specific details of a proxy appointment, were delivered to shareholders together with the Notice of the Annual General Meeting of Shareholders. Shareholders were provided with an additional option of appointing as their proxies one of two independent directors of the Bank who did not have any conflict of interest in the relevant agenda items of the AGM. In this regard, shareholders were supplied with complete biographical details of these independent directors. The shareholders were able to appoint either one of the two independent directors or any other person of their choosing as their proxy. In addition, shareholders were able to download Proxy Form A and Proxy Form C from the Bank's website for their use as and when applicable.

2.3 Ballots for Shareholders' Meeting

In the 2013 AGM, ballots were used for voting on every agenda item, but only the ballots of disapproval and abstention votes were collected. In order to ensure that the voting process was efficient, accurate, speedy and verifiable, a bar code system and PDA were employed in tabulating votes. Prior to proceeding in accordance with the meeting agenda, the company secretary informed the meeting of the voting and vote tabulation procedures. In addition, the ballots cast for each agenda item were retained for future examination.

2.4 Election of Director on an Individual Basis

At every AGM, one-third of the directors retire by rotation; and at the 2013 AGM six directors retired by rotation. The Bank arranged for shareholders to elect individual directors to replace the outgoing directors by casting their votes. Similar to voting on other agenda items, only disapproval and abstention ballots were tabulated. The AGM minutes show the voting results for each director appointed by the shareholders in 2013.

2.5 Determination of Directors' Remuneration

As stipulated in the Bank's Articles of Association, a director is entitled to receive remuneration from the Bank, namely through gratuities, meeting allowances, rewards, bonuses or any other nature of interests pursuant to the consideration of the shareholders' meeting. The Nomination, Compensation and Corporate Governance Committee is assigned by the Board to recommend directors' remuneration to the Board and to seek approval from the shareholders' meeting on an annual basis. The Board has set as a policy that directors' remuneration should be appropriate and commensurate with directors' scope of duties and responsibilities; to be comparable to other major listed companies and commercial banks; and to be in line with prevailing business conditions and trends.

2.6 Internal Control

The Board recognises the need to prevent the use of confidential and non-public information for inappropriate gains by directors, executives and employees. To this end, the Board has established the Corporate Governance Policy and procedures for handling connected transactions in order to prevent conflict of interest and require disclosure of connected interest in compliance with

regulatory requirements. Relevant details are published on the Bank's website (www.scb.co.th) under the sequence of menu headings "About SCB," "Corporate Governance," "Corporate Governance Policy" and then "Internal Control," and can be summarized as follows:

- 1) Internal Controls over the Use of Inside Information by Directors and Employees: The Board has formulated comprehensive guidelines for the disclosure of information, the prevention of conflict of interest and the inappropriate or illegal use of non-public information, as summarized below:
 - Establishing a code of conduct for directors and employees, covering such matters as the use of non-public information and the requirement to maintain confidentiality of customer information. This code of conduct has been disseminated to directors, executives and staff, and strict compliance is expected.
 - Establishing regulations governing securities trading by directors, executives and employees that prohibit insider trading. These regulations also apply to related parties of directors, executives and employees.
 - Imposing non-trading periods on directors, executives and employees involved in the preparation of financial statements, prohibiting them from trading the Bank's securities and securities which have SCB ordinary shares as underlying assets during the 14-day period preceding the announcement of quarterly, semi-annual and annual financial statements.
 - Requiring directors and persons with management authority (as defined in the Securities and Exchange Act, B.E. 2535 (A.D. 1992)) to disclose information on their shareholdings and trading in the Bank's securities and securities having the Bank's ordinary shares as underlying assets to the Bank and the Office of Securities and Exchange Commission within three working days. The company secretary is responsible for compiling reports on shareholding changes and including these reports as a regular agenda item at Board meetings.
 - Establishing regulations against the use of non-public information in order to prevent leakage of confidential and/or non-public information of the Bank and/or its customers as well as to prevent use of inside information by persons having access to such information for personal gain or benefit of others. In this regard, the Bank has assigned the Compliance and Operational Control Division to monitor securities trading of persons with access to non-public information to ensure compliance with relevant regulations.
- 2) Internal Control for Connected and Conflict-of-Interest Transactions: The Bank's policy and guidelines regarding the approval process and engagement in connected or conflict-of-interest transaction is as follows:
 - To strictly follow the regulations and notifications of the Stock Exchange of Thailand, the Securities and Exchange Commission and the Capital Market Supervisory Board governing connected transactions and conflict-of-interest transactions whereby directors and executives are prohibited from participating in the consideration of any matter in which they might have an interest. The company secretary takes notes of their related interests in the minutes of the meeting.
 - To set a pricing policy and conditions for related-party transactions to ensure that such pricing and conditions are in line with those of other regular business (Arm's Length Principle).
 - To require that the Board alone (excluding directors with connected interest) is vested with the authority to consider and approve credit facilities, investment, contingent

liabilities or credit-like transactions between the Bank and its major shareholders or businesses related to the Bank, directors, or persons with management authority or their related parties (as defined in the Financial Institutions Business Act, B.E. 2551 (A.D. 2008))

Detailed information regarding transactions between the Bank and related parties during the year is provided in this Annual Report.

3) Conflict-of-Interest Report

The Bank requires directors and persons with management authority (as defined in the Financial Institutions Business Act, B.E. 2551 (A.D. 2008)) to report to the company secretary on a quarterly basis any conflict of interest arising for themselves and their related parties as well as changes to any existing reported items. The company secretary collects and submits such reports to the chairman of the Board and the chairman of the Audit Committee in compliance with the Securities and Exchange Act, B.E. 2535 (A.D. 1992). This information is further used by the Bank for monitoring transactions between the Bank and directors, persons with management authority, and/or their related parties in accordance with legal requirements.

Finally, the Bank requires the appointment of an independent adviser (if a connected transaction exceeds certain pre-determined thresholds) whose role is to provide an opinion on connected transactions, particularly as it relates to the acquisition or disposal of significant assets of the Bank and its subsidiaries, merger or any other transactions as prescribed by law. The Board has assigned the Audit Committee to review the procedures and oversight of all material transactions to ensure that they are compliant with applicable laws and/or regulations.

3. Role of Stakeholders

3.1 Treatment of Stakeholders

As one of the largest organizations within the Kingdom, with a long heritage of service to the country as the first Thai bank, the Bank recognizes that it needs to respond to the interests of a broad range of stakeholders. This is made explicit in the Bank's vision 'to be the Bank of Choice for our Customers, Shareholders, Employees and the Community.' This issue is covered in more detail within the Sustainability Report. The essence is summarized below:

Customers: The Bank exists to serve its customers, who encompass almost the entire spectrum of Thai society. For all of them, the Bank aspires to provide a full range of products and services and to service their needs through using branch, electronic and direct channels. The overriding aim is for the Bank to be viewed as the main financial services partner for customers through reliable services, innovative products and trustworthy conduct. The Bank measures its success through regular customer surveys and by consistently attaining a market-leading score.

Shareholders: The Bank's existence is made possible by the capital contributions of a large number of shareholders. To all of them the Bank aspires to provide transparent and market-leading disclosure, parity of treatment, and an above industry-average sustainable return on equity. Today, its success in this context is evident from the Bank maintaining the highest market capitalization across the Thai financial services sector.

Employees: Employees will always remain the Bank's most valuable asset, and the recruitment, retention and development of employees is central to the Bank's business strategies. Employee interests are addressed through market-based compensation practices, skill-enhancement programs, career advancement opportunities and a range of employee benefits. Equally, the Bank actively supports diversity in the workforce and prohibits any discrimination based on gender, age, religious belief or disability. The Bank allows employees to exercise their right to join labour unions and encourages all employees to suggest ideas for improving the Bank's policies, practices, products, procedures and services. As with customers, the Bank conducts regular employee

engagement surveys and benchmarks the results against global databases, with the target of scoring in the top 10% of this global database.

Community (including business partners, competitors, creditors and suppliers): the Bank aspires to be a model corporate citizen in Thailand. To that end it: behaves in an ethical and transparent way with competitors and business partners; honors its obligations and covenants toward creditors and suppliers; follows transparent procurement practices that will ensure that procurement is transparent and free from corruption and; does not participate in activities that might be detrimental to Thai society or the quality of life of its residents. Further, SCB recognizes and supports the Universal Declaration of Human Rights and ensures that its business activities, particularly lending, are conducted so that the tenets of this Declaration are observed.

Moreover, to express our willingness on the implementation of anti-corruption efforts, we have participated in the "Declaration of Intent" as promoted by the Thailand's Private Sector Collective Action Coalition Against Corruption. To reach that goal, the Bank is in the process of formulating its anti-corruption policy which will be further proposed to the Board for approval and implementation. The Bank is prepared to work in cooperation with all segments of the Thai society to foster cleaner business practices and strengthen ethical behavior in all business activities. Moreover, in 2013, we trained over 35% of our workforce on anti-money laundering to support our anti-corruption efforts.

Finally, the Bank has an active CSR program that encourages employee participation.

Environment: SCB abides with all applicable environmental laws and regulations and implements effective safety and environmental management measures to prevent negative impact on local communities. Further, SCB supports the conservation of natural resources and the environment through awareness-raising campaigns and programs to educate and engage staff, business partners, customers and other CSR networks in supportive programs and activities. The Bank increases internal energy-use efficiency by upgrading lighting and electronic systems, reduces use of paper through paperless forms and reports, and trims carbon emissions by recycling as well as by using less paper.

The Bank's implementation of environmental principles is further detailed in the Sustainability Report.

3.2 Contact Channels for Stakeholders

The Bank provides multiple channels for various groups of stakeholders to directly contact the relevant unit as follows:

- Customers and/or third parties can communicate with the Bank through staff at branches or relationship managers or through the Call Center at 0-2777-7777, or by writing to a senior executive of the Bank. All communications are tracked and usually responded to within a pre-determined period.
- Employees are informed that the Bank has multiple channels to accept complaints and reports of employee misconduct. Employees can voice their opinions and report on any unfair treatment, fraudulent activity or suspicion of misconduct directly to their supervisors or through other channels, anonymously if preferred, as follows:
 - SCB's Whistleblower Policy provides a channel through which employees can report complaints, fraud or non-compliance with the Bank's regulations, rules and code of conduct as well as unfair treatment they might have suffered. The aim is to ensure the Bank's adherence to its principles of transparency and corporate governance. To report complaints, fraud or non-compliance, any employee can submit an e-mail to whistleblower@scb.co.th or a letter to the chief audit and compliance officer, Audit and Compliance Group, who is the secretary to the Audit Committee. A summary report on such matters raised is submitted to the Audit Committee on a quarterly basis.

- Through the Ethics Hot Line at 0-2544-2500 employees can avail of consultation and make complaints about unethical practices or misconduct.
- The HR Call Center at 0-2544-4444 is a channel for employees to make inquiries related to employment and/or benefits or to share opinions.
- "Purple People Talk" is a channel through which employees can voice their opinions, report issues or consult with the head of Human Resources Group via e-mail (purple_talk@scb.co.th) in order to make SCB a great workplace.

It is the Bank's policy to protect the confidentiality and anonymity of employees reporting information or complaints in order to prevent retaliation or adverse effects on them. An independent, issue-specific investigation team is set up quickly by the Bank to investigate any issue and/or fraud complaint submitted by employees when warranted. If the grounds for a complaint are proven, the matter is escalated for disciplinary action in accordance with the following procedure:

- Employees submit opinions, reports, or fraud complaints via a range of channels, whereby they can choose to remain anonymous if they so wish, and the matter will be treated as confidential.
- The Working Team conducts a preliminary investigation. The progress will be reported to the informants if they have chosen to be identified.
- The Working Team submits well-grounded complaints and reports to relevant units in order to appoint an investigation committee according to the Bank's regulations or to the Fraud Management Division for further action.

The Bank takes action as deemed appropriate for each case without disclosing the sources of information to protect confidentiality of the informants.

Further, all stakeholders can raise complaints, or make suggestions or comments to the Board and management of the Bank through the following address:

- Board Secretariat and Shareholder Services - Company Secretary
Board Secretariat and Shareholder Services
The Siam Commercial Bank PCL,
9 Ratchadapisek Road, Jatujak,
Bangkok 10900
Telephone: 0-2544-4221
Fax: 0-2937-7931
E-mail: company_secretary@scb.co.th

The Bank has established a clear policy and procedure for handling complaints from customers, employees and other stakeholders. All complaints received are kept confidential, investigated and resolved (as applicable) as well as reported to the Audit Committee and the Board.

4. Disclosure and Transparency

4.1 Disclosure Policy and Practice

The Bank's disclosure policy and procedures are incorporated within the Corporate Governance Policy and Investor Relations has been assigned the role and responsibility to provide disclosure of the Bank's information in accordance with the following principles:

- 1) Information to be disclosed must be accurate, adequate and clear as well as disclosed on a timely basis;
- 2) Disclosure must comply with all applicable rules and regulations;
- 3) Stakeholders including shareholders, investors, analysts and interested persons must have equal right of access to the information disclosed by the Bank; and

- 4) Information that could affect the price of the Bank's shares or influence investors' decisions or affect the rights of shareholders must be immediately disclosed to the public through the Stock Exchange of Thailand.

The Bank has designated officers and Investor Relations to be responsible for disclosure as well as maintaining the operating results disclosure schedule as specified in its Corporate Governance Policy. Audited annual financial statements are released within 60 days from the end of each financial year. Quarterly financial statements are disclosed together with the Management Discussion and Analysis (MD&A) to help investors better understand the Bank's operating results.

In addition, the Bank's Corporate Governance Policy requires directors and management to disclose their holdings of the Bank's shares. Changes in the holdings of the Bank's shares by directors and management in 2013 are shown in the "Report of Bank Ordinary Shareholding of Directors and Senior Management" in the Supplementary Information section of this Annual Report.

In 2013, disclosure activities undertaken by Investor Relations are summarized below:

Form of activity	Frequency (times)
One-on-one meetings/conference calls with investors and equity analysts	134
General meetings with equity analysts	3
Investor conferences	7
Global road shows	3

The Bank also regularly held press conferences and media events and issued press releases to publicize and promote its activities.

Interested persons can contact Investor Relations at:
Investor Relations,
The Siam Commercial Bank PCL, Head Office
9 Ratchadapisek Road, Jatujak, Bangkok 10900
Telephone: 0-2544-4358
Fax: 0-2544-2658
E-mail: investor.relations@scb.co.th
Website: www.scb.co.th

4.2 Investor Relations

Investor Relations is a functional unit of the Bank and is responsible for the accuracy, adequacy and clarity of disclosure of the Bank's information to investors on a timely basis in accordance with the Bank's disclosure principles and applicable requirements and regulations. Other than planned activities such as meetings with investors and analysts, participation at investor events and arranging roadshows, Investor Relations is the primary point of contact for all shareholders, analysts, fund managers, bondholders and rating agencies. The president, CFO and other senior executives participate in investor relations activities.

The Investor Relations Code of Conduct will be published, in the near future, on www.scb.co.th under the sequence of menu headings "About SCB," "Corporate Governance," and then "Investor Relations Code of Conduct."

4.3 Auditors

The auditors' qualifications are scrutinized by the Audit Committee in terms of their independence, suitability, accountability, and absence of any conflict of interest with respect to the Bank and its subsidiaries, management, major shareholders or related parties thereof. The Audit Committee also reviews the annual audit fees in terms of the scope of audit and proposes the list of qualified auditors and the audit fees to the Board for further consideration and consideration by the AGM.

Details regarding the audit fees and other service fees paid by the Bank to the auditor as well as the auditor's report for 2013 are available in the sections titled "Audit Fees" and "Audit Report of Certified Public Accountant" of this Annual Report.

5. Responsibilities of the Board

5.1 Board Composition

At the end of 2013, there were 16 directors, and the number of directors is commensurate with the Bank's size and the nature of its business. The Bank selects its Board based on criteria set forth by relevant regulators and with the aim of creating diversity in terms of knowledge, experience and other key attributes.

The 16 directors consist of 4 women and 12 men with diversified professional backgrounds in finance, banking, business administration, marketing, law, auditing and accounting, corporate governance, social and community responsibility, and other experience that is considered beneficial and relevant to the Bank's business. Composition of the Board is as follows:

- The nine independent directors* (representing 56% of the total directors) are Mr. Anand Panyarachun, Mr. Maris Samaram, Mr. Chumpol NaLamlieng, Prof. Vicharn Panich M.D., Assoc. Prof. Dr. Kulpatra Sirodom, Mr. Ekamol Kiriwat, Mr. Prasan Chuaphanich, Khunying Jada Wattanasiritham and Mr. Robert Ralph Parks.
- Four directors representing the major shareholders are Dr. Chirayu Isarangkun Na Ayuthaya, M.R. Disnadda Diskul, Miss Supa Piyajitti and Pol. Gen. Adul Sangsingkeo.
- Three executive directors (representing 19% of the total directors) are Dr. Vichit Suraphongchai, Mrs. Kannikar Chalitaporn and Mr. Bodin Asavanich.

In this context, three non-executive directors possess experience in the banking industry, namely Khunying Jada Wattanasiritham, Mr. Robert Ralph Parks and Mr. Ekamol Kiriwat.

In 2013, the Bank appointed Mr. Apisak Tantivorawong as an advisor to the Board with the role and responsibility of attending Board meetings in order to provide consultation and/or opinions to the Board on matters as assigned by the Board.

The names of the Bank's directors and their respective number of years as directors of the Bank are provided in Table 1.

* The term "independent director" has the meaning specified in the Bank of Thailand's Notification No. SorNorSor. 13/2552 Re: Corporate governance of financial institutions, and the Capital Market Supervisory Board's Notification No. TorJor. 28/2551, Re: Application and approval for offering newly issued shares, and/or their amendments (if any). Moreover, the number of shares held by an independent director and his/her related parties combined shall not exceed 0.5% of the total voting shares of the Bank, or the Bank's parent company, subsidiaries, or associate companies, or major shareholders, or the persons having the authority to control the Bank. This shareholding restriction of not more than 0.5% is the Bank's standard, which is a higher standard than that set by the Capital Market Supervisory Board, which prohibits an independent director from holding more than 1% of the total voting shares of the company of which he/she is a director.

Table 1: Board of Directors

Name	Position	Date of appointment as director	Number of years in directorship ³⁾
1. Mr. Anand Panyarachun	Chairman of the Board, Independent Director, and Member of the Corporate Social Responsibility Committee	6 March 1984 2 October 1992	1 st round: 7 years (1984 - 1991) 2 nd round: 21 years 3 months (1992 - present)
2. Dr. Vichit Suraphongchai	Director, Chairman of the Executive Committee, and Member of the Corporate Social Responsibility Committee	10 December 1999	14 years 1 month
3. Mr. Maris Samaram	Independent Director and Chairman of the Audit Committee	25 February 2003	10 years 10 months
4. Prof. Vicharn Panich M.D.	Independent Director and Chairman of the Corporate Social Responsibility Committee	29 September 2006	7 years 3 months
5. Mr. Chumpol NaLamlieng	Independent Director and Chairman of the Nomination, Compensation and Corporate Governance Committee	30 March 1998 5 April 2007	1 st round: 1 year 8 months (1998 - 1999) 2 nd round: 6 years 9 months (2007 - present)
6. Assoc. Prof. Dr. Kulpatra Sirodom	Independent Director and Member of the Audit Committee	19 June 2009	4 years 6 months
7. Mr. Ekamol Kiriwat	Independent Director and Member of the Audit Committee	5 April 2011	2 years 9 months
8. Mr. Prasan Chuaphanich ¹⁾	Independent Director and Member of the Audit Committee	4 April 2013	9 months
9. Dr. Chirayu Isarangkun Na Ayuthaya	Director and Member of the Corporate Social Responsibility Committee	18 September 1987	26 years 3 months
10. M.R. Disnadda Diskul	Director and Member of the Corporate Social Responsibility Committee	22 November 1996 5 April 1999	1 st round: 2 years 2 months (1996 - 1999) 2 nd round: 14 years 9 months (1999 - present)
11. Khunying Jada Wattanasiritham ²⁾	Independent Director, Member of the Corporate Social Responsibility Committee, and Member of the Nomination, Compensation and Corporate Governance Committee	2 February 1999	14 years 11 months (Independent director: 4 years 2 months)
12. Miss Supa Piyajitti	Director and Member of the Nomination, Compensation and Corporate Governance Committee	3 April 2009	4 years 9 months
13. Mr. Robert Ralph Parks	Independent Director and Member of the Nomination, Compensation and Corporate Governance Committee	23 March 2010	3 years 9 months
14. Pol. Gen. Adul Sangsingkeo ¹⁾	Director and Member of the Nomination, Compensation and Corporate Governance Committee	4 April 2013	9 months
15. Mrs. Kannikar Chalitaporn	Director, President, Member of the Executive Committee, and Member of the Corporate Social Responsibility Committee	21 January 2002	11 years 11 months
16. Mr. Bodin Asavanich	Director, Member of the Executive Committee, and Senior Executive Vice President, Group General Counsel	21 January 2002	11 years 11 months

Remark: 1) Mr. Prasan Chuaphanich and Pol. Gen. Adul Sangsingkeo were appointed as directors by the AGM No. 190 on 4 April 2013.
2) Khunying Jada Wattanasiritham qualified as an independent director from 19 October 2009.
3) Information as of 31 December 2013.

5.2 Directors' Term of Position

One-third of the total number of directors must retire by rotation at every annual general meeting of shareholders. Those directors who have held office for the longest time period are selected to retire. In case the number of directors is not a multiple of three, the number of directors to retire shall be the number closest to one-third of all directors. Retiring directors may be re-elected to continue office.

To enhance transparency and corporate governance, the Bank has adopted the principle that, generally speaking, the tenure of an independent director should not exceed three consecutive terms. As regards the tenure of directors as members of board committees, namely the Audit Committee, the Corporate Social Responsibility Committee and the Nomination, Compensation and Corporate Governance Committee, their tenure shall be concurrent with their directorships. In 2013, an independent director who completed his three consecutive terms was Mr. Sumate Tanthuwani.

5.3 Segregation of Positions

The Bank has clearly segregated the positions and authority of the chairman of the Board, the chairman of the Executive Committee, and the president to enhance the effectiveness of performance, governance and transparency of internal operations as follows:

Chairman of the Board - The chairman of the Board of Directors is an independent director and shall not serve as the chairman of the Executive Committee or the president of the Bank, or be involved in the Bank's routine management. This is in compliance with the principle of segregation of roles in policy formulation and oversight from those in operations management. The key roles of the chairman of the Board are: to ensure that Board meetings are conducted effectively and matters that are essential to the Bank's operations and/or performance are placed on the meeting agenda, particularly matters related to corporate strategy; to allocate sufficient time for management to present clear and timely information; to allow attending board members to voice their opinions and ask questions; and to ensure that board resolutions are clear and the meeting minutes are correct. The chairman of the Board also presides over the shareholders' meeting. Another key role of the chairman is to ensure that the Bank's governance practices such as the composition of the Board, directors' performance of duties, and succession planning for top executives is in compliance with adopted policies.

Chairman of the Executive Committee - The chairman of the Executive Committee is a Board-appointed director with powers and duties to manage and control the business of the Bank as delegated by the Board. The chairman of the Executive Committee is empowered to develop and implement key strategies and practices relating to the business of the Bank in addition to responsibilities from appointments on other Board committees. The role of the chairman of the Executive Committee also includes overseeing the Executive Committee's compliance with its charter, and execution of documents or contracts on behalf of the Bank. The Executive Committee Charter is available on the Bank's website (www.scb.co.th) under the sequence of menu headings "About SCB," "Corporate Governance," and then "Charter of the Board and Board Committee."

President - As provided by the Articles of Association, the president is an ex-officio member of the Executive Committee and has such powers and duties as may be assigned by the Board including the power to execute documents and/or contracts on behalf of the Bank. The powers and duties of the president in general are available on the Bank's website (www.scb.co.th) under the sequence of menu headings "About SCB," "Corporate Governance," and then "Corporate Governance Policy."

5.4 Directorships of Other Companies

The Bank has laid down a clear policy regarding holding of positions by the Bank's directors (and the president) in other companies, which is in line with practices prescribed by the relevant supervisory

bodies such as the Bank of Thailand and the Stock Exchange of Thailand. The Stock Exchange of Thailand has recommended that a director of a listed company should not be a director of more than five other listed companies; and the Bank of Thailand requires that a director and/or a senior executive of any commercial bank may be the chairman, an executive director, or an authorized director of other companies but only up to three businesses. In addition, the SCB Board has endorsed a policy that each of its directors can hold positions in up to five listed companies and/or non-listed subsidiaries of the Bank.

Further to the aforesaid policies, the Bank has established an internal guideline pertaining to holding of positions in other companies. This requires directors to notify the Nomination, Compensation and Corporate Governance Committee of assuming any position in companies or organizations so that the Nomination, Compensation and Corporate Governance Committee can review the appropriateness of the appointment and compliance with relevant laws and regulations. The company secretary shall regularly report changes in positions of directors to the Board of Directors. Information about positions held by the Bank's directors in other companies is disclosed to shareholders in this Annual Report. In this regard, no directors hold positions in more than five listed companies or non-listed subsidiaries of the Bank, and no executive directors or senior executives of the Bank (executive vice president and above) may hold positions in more than three listed companies outside the SCB Group.

5.5 Roles and Responsibilities of the Board of Directors

The Board of Directors is committed to pursue the highest standards of ethical conduct and comply with related legal requirements. The Board's roles, duties and responsibilities shall be in accordance with those specified by law, the Bank's Memorandum and Articles of Association, and the resolutions of the shareholders. In addition, the Board's roles and responsibilities are stipulated in the Charter of the Board of Directors, which includes determining, approving and overseeing the implementation of policies, strategies, financial targets and business directions proposed by management, with the aim of maximizing long-term shareholder value taking account of the best interests of all relevant stakeholders. The Board is also tasked with establishing the structure and processes that ensure that there are appropriate systems and processes for risk management, compliance governance, audit, and internal control. Such systems and processes shall be regularly reviewed to ensure that they are appropriate and adequate for the Bank's business. *(Details of the roles, responsibilities, and authority of the Board are available on the Bank's website (www.scb.co.th) under the sequence of menu headings "About SCB," "Corporate Governance," "Charter of the Board and Board Committee," and then "Charter of the Board of Directors.")*

In addition to complying with the relevant laws and regulations as mentioned above, the Board is committed to abiding with the following principles as stated in the Directors Code of Conduct: a) maintaining honesty, fairness and integrity in discharging their responsibilities, b) conducting personal transactions, if any, on an arms-length basis, c) maintaining the confidentiality of information, d) disclosing any conflict of interest, e) abiding with the law, and f) not accepting any inappropriate payments, gifts, entertainment or travel benefits from third parties. Moreover, the Board, including the Bank's executives and employees, are committed to pursuing the principles under the Corporate Code of Conduct and the Employee Code of Conduct. *(Details regarding the Corporate Code of Conduct, the Directors Code of Conduct, and the Employee Code of Conduct are available on the Bank's website (www.scb.co.th) under the sequence of menu headings "About SCB," "Corporate Governance," and then "Code of Conduct.")*

5.6 Committees

The following committees have been set up by the Board and delegated to review or oversee specific matters to support the Board's performance of duties.

5.6.1 Board Committees

At present, the Bank has four board committees, namely the Executive Committee, the Audit Committee, the Nomination, Compensation and Corporate Governance Committee, and the Corporate Social Responsibility Committee. The roles and responsibilities of each board committee are clearly defined in its charter, which is available on the Bank's website (www.scb.co.th) under the sequence of menu headings "About SCB," "Corporate Governance," and then "Charter of the Board and Board Committees." A summary of each committee's operations in 2013 is as follows:

- **Executive Committee**

The Executive Committee is appointed by the Board and comprises a number of directors and executives at the level of senior executive vice president. For members of the Executive Committee serving as the Bank's directors, their term on the Executive Committee is concurrent with their directorship. Currently, the Executive Committee has nine members comprising three directors, namely Dr. Vichit Suraphongchai (chairman of the Executive Committee), Mrs. Kannikar Chalitaporn and Mr. Bodin Asavanich, and six executives of the Bank at the level of senior executive vice president.

The major functions and responsibilities of the Executive Committee are to manage and oversee the Bank's business in accordance with the Bank's strategies and policies and the Board's business direction, including screening matters prior to submission to the Board and approving requests within the scope of delegation assigned by the Board. The Executive Committee held 37 meetings in 2013.

- **Audit Committee**

The Board initially appointed an Audit Committee in 1998 with responsibilities to review the Bank's financial statements to ensure the accuracy and adequacy of such statements; to ensure that the Bank has appropriate and effective internal control and internal audit systems; to review the Bank's compliance with regulatory and legal requirements; to review the adequacy of the Bank and SCB Financial Group's risk management process and policies including the effectiveness of the implementation of the risk management systems; and to perform other duties as stipulated in the Charter of the Audit Committee. Another key role of the Audit Committee is to nominate qualified auditors and propose audit fees to the Board for consideration prior to seeking approval from the shareholders' meeting. Further, the Audit Committee is tasked with assessing the auditors' performance on an annual basis.

Currently, the Audit Committee is comprised of four independent directors, namely Mr. Maris Samaram (chairman of the Audit Committee), Assoc. Prof. Dr. Kulpatra Sirodom, Mr. Ekamol Kiriwat and Mr. Prasan Chuaphanich. Their tenures on the Audit Committee are concurrent with their directorships. Every member of the Audit Committee possesses extensive knowledge and experience in the review of financial statements of banks. In 2013, the Audit Committee held 12 meetings, and details of its activities are provided in this Annual Report.

- **Nomination, Compensation and Corporate Governance Committee**

The main responsibilities of the Nomination, Compensation and Corporate Governance Committee are to nominate directors and senior executives of the Bank as well as to propose for the Board's endorsement the appropriate remuneration of the Board and the Board Committees prior to referring the matter to the shareholders' meeting for approval. In addition, the Nomination, Compensation and Corporate Governance Committee is assigned to assure that the compensation offered to the Bank's executives is commensurate with their roles and responsibilities, and to formulate the Bank's policy in respect of corporate governance and propose it to the Board for consideration and approval. Details regarding

roles and responsibilities of the Nomination, Compensation and Corporate Governance Committee are elaborated in the Charter of the Nomination, Compensation and Corporate Governance Committee.

The Nomination, Compensation and Corporate Governance Committee is currently composed of five members, namely Mr. Chumpol NaLamlieng (chairman of the Nomination, Compensation and Corporate Governance Committee), Khunying Jada Wattanasiritham, Miss Supa Piyajitti, Mr. Robert Ralph Parks, and Pol. Gen. Adul Sangsingkeo. Three of them (including the chairman) are independent directors, and the remaining two members are non-executive directors. Their tenures on the Nomination, Compensation and Corporate Governance Committee are concurrent with their directorships. In 2013, the Nomination, Compensation and Corporate Governance Committee had six meetings, and details of its activities are provided in this Annual Report.

- **Corporate Social Responsibility Committee**

The roles and responsibilities of the Corporate Social Responsibility Committee are to develop the Bank's business direction as well as to monitor, supervise and assess the Bank's performance and activities in terms of contribution to the country's economy and social welfare and the environment. The Corporate Social Responsibility Committee focuses on building a strong foundation, furthering initiatives, developing networks and sustaining success based on the following three principles: 1) developing human resources, especially among youth, 2) establishing volunteer networks in order to promote volunteer involvement and awareness which will eventually lead to a better quality of life, and 3) developing initiatives that protect the environment, which is crucial for sustainable development.

All seven members of the Corporate Social Responsibility Committee are directors, namely Prof. Vicharn Panich M.D. (chairman of the Corporate Social Responsibility Committee), Mr. Anand Panyarachun, Dr. Chirayu Isarangkun Na Ayuthaya, Dr. Vichit Suraphongchai, Khunying Jada Wattanasiritham, M.R. Disnadda Diskul and Mrs. Kannikar Chalitaporn. Their tenures on the Corporate Social Responsibility Committee are concurrent with their directorships. In 2013, the Corporate Social Responsibility Committee held eight meetings, and their dedication has led to the Bank's success in implementing CSR activities and projects in accordance with the framework and policy set by the Board, details of which are shown in the Sustainability Report.

5.6.2 Major Committees Relating to Management of the Bank

There are six key committees relating to the management of the Bank, namely the Management Committee, the People Development Committee, the Change Program Steering Committee, the Risk Management Committee, the Assets and Liabilities Management Committee and the Equity Investment Management Committee. The roles and responsibilities of each committee are described in the Bank's Corporate Governance Policy, which can be summarized as follows:

- **Management Committee**

In early 2011, the Bank restructured and renamed the Strategy and Review Committee as the Management Committee. In 2013, the Management Committee held 18 meetings in order to perform duties in accordance with its roles and responsibilities, mainly to discuss and exchange views on the Bank's business operations; and to consider and/or approve new products, services and work processes.

- **People Development Committee**

The People Development Committee was set up in 2010 to formulate and review policies and strategies of the Bank's human resource management as well as to monitor and supervise implementation of, and compliance with, such policies and strategies. In 2013, the People Development Committee held eight meetings.

- **Change Program Steering Committee**

The Change Program Steering Committee is in charge of developing and establishing frameworks or programs related to the Bank's development and transformation, including monitoring such programs. In 2013, the Change Program Steering Committee held 16 meetings.

- **Risk Management Committee**

In 2002, the Board of Directors established the Risk Management Committee, which is responsible for the formulation of risk management policies and guidelines for the SCB Financial Group. The Risk Management Committee is also tasked with control and monitoring of risk, and supervising and assessing the performance of the SCB Financial Group in accordance with risk management policies and criteria as imposed by the Bank and the Bank of Thailand. In 2013, the Risk Management Committee held 12 meetings.

- **Assets and Liabilities Management Committee**

The Assets and Liabilities Management Committee is part of the Bank's risk management for market risk, interest rate risk on the banking book, and liquidity risk. The Committee held 16 meetings in 2013 to formulate strategies for management of liquidity risk, interest rate risk, market risk and exchange rate risk.

- **Equity Investment Management Committee**

The Equity Investment Management Committee is in charge of formulating policies for the Bank's equity investment strategy and approving or making proposals for acquisition/disposal of investments to the Executive Committee or the Board, as prescribed by its authority, as well as keeping operational oversight of the Bank's equity investment portfolio. In 2013, the Equity Investment Management Committee held five meetings.

5.7 Board Meetings

Meetings of the Board of Directors and the Board committees are held in accordance with the rules and procedures specified in the Charter of the Board, the charters of the relevant Board committees, and the Corporate Governance Policy. The meeting schedules of the Board and its committees are planned in advance for the entire year. The chairman of the Board and the chairman of the Executive Committee determine agendas of the Board meetings. The president or directors can propose agenda items through the company secretary. In addition, the Board sets a policy that a meeting of non-executive directors shall be held on a semi-annual basis. Meeting documents are delivered to directors seven days in advance of each Board meeting in order that the directors will have sufficient time to study the documents. Directors can request additional information through the company secretary.

At each Board meeting, executives are invited to attend the meeting on agenda items concerning their responsibilities in order to provide relevant information for the directors. Such discussion and meeting between directors and executives are also beneficial for executive succession planning.

In 2013, there were 13 Board meetings (including two Board Retreats) and two non-executive directors' meetings. Details of directors' meeting attendance are as shown in Table 2.

5.8 Board and Senior Executive Assessment

5.8.1 Board Assessment

The Board assessment is divided into four parts covering: 1) self-assessment of individual directors; 2) assessment of the chairman of the Board; 3) assessment of the Board as a whole; and 4) assessment of Board committees.

The Board assessment is conducted annually. Comments and recommendations acquired from the assessment are considered and used for enhancing the effectiveness of the Board performance and the Bank's good corporate governance practices. Furthermore, performance assessment provides the supporting information for the Board's opinions on re-election of directors retiring by rotation, which are presented to shareholders for consideration and approval.

In 2012, an external consulting firm with expertise and experience in corporate governance was engaged in the Board assessment. In 2013, the Bank used an assessment format that was refined by the external consulting firm and that encompassed the four performance assessment components mentioned above. The forms were submitted to all directors for their assessment and opinions on the Board performance. The assessment results were then analyzed and proposed to the Board for consideration. Main assessment topics in the whole board assessment form included, for example, Board composition/structure, strategies and planning/ managing company performance, monitoring and supervision, corporate governance, director and management development, and executive succession plan. Performance of Board committees was also evaluated in dimensions such as undertaking of duties and responsibilities as set forth in the charters concerned, meeting effectiveness, and communication of the results or meetings resolutions to directors. The Board chairman's performance was also assessed in aspects such as his conduct of Board meetings and shareholders' meetings. According to the results of 2013 Board performance assessment, the average score was at the 'good' level, i.e., most performance of the Board meets or exceeds expectation. Nevertheless, in order to enhance the effectiveness of the Board's performance, the Board has endorsed certain actions, such as regularly arranging development programs to ensure that directors are equipped with skills and knowledge that are current and related to their performance as members of the Board of Directors and Board committees, and keeping the Board informed of the progress and implementation of the Bank's Whistleblower Policy.

5.8.2 Senior Executive Assessment

Prior to proposing the matter to the Board for approval, the Nomination, Compensation and Corporate Governance Committee is responsible for assessing the performance of the Bank's senior executives, namely chairman of the Executive Committee, the president, and senior executives at the level of executive vice president and above on an annual basis. Details are provided in the Sustainability Report.

Table 2: Details of Attendance Record in 2013

Name	Board of Directors	Executive Committee	Audit Committee	Corporate Social Responsibility Committee	Nomination, Compensation and Corporate Governance Committee	Annual General Meeting of Shareholders No. 190
1. Mr. Anand Panyarachun	13/13	-	-	8/8	-	1/1
2. Dr. Vichit Suraphongchai	11/13	33/37	-	-	-	1/1
3. Mr. Maris Samaram	13/13	-	12/12	-	-	1/1
4. Prof. Vicharn Panich M.D.	13/13	-	-	8/8	-	1/1
5. Mr. Chumpol NaLamlieng	13/13	-	-	-	6/6	1/1
6. Mr. Sumate Tanthuwani ¹⁾	4/4	-	2/3	-	-	1/1
7. Assoc. Prof. Dr. Kulpatra Sirodom	13/13	-	12/12	-	-	1/1
8. Mr. Ekamol Kiriwat	12/13	-	12/12	-	-	1/1
9. Mr. Prasan Chuaphanich ²⁾	8/9	-	9/9	-	-	-
10. Dr. Chirayu Isarangkun Na Ayuthaya	13/13	-	-	8/8	-	1/1
11. M.R. Disnadda Diskul	13/13	-	-	6/8	-	1/1
12. Khunying Jada Wattanasiritham	13/13	-	-	8/8	6/6	1/1
13. Miss Supa Piyajitti	12/13	-	-	-	6/6	1/1
14. Mr. Robert Ralph Parks	9/13	-	-	-	3/6	1/1
15. Pol. Gen. Adul Sangsingkeo ³⁾	5/9	-	-	-	1/4 ⁴⁾	-
16. Prof. Dr. Thosaporn Sirisamphand ¹⁾	3/3	-	-	-	2/2	1/1
17. Mrs. Kannikar Chalitaporn	13/13	36/37	-	-	-	1/1
18. Mr. Bodin Asavanich	11/13	30/37	-	-	-	1/1

Remark: 1) Mr. Sumate Tanthuwani and Prof. Dr. Thosaporn Sirisamphand left office as director on 4 April 2013.

2) Mr. Prasan Chuaphanich was appointed as director by the Annual General Meeting of Shareholders No. 190 and as member of the Audit Committee by the Board of Directors on 4 April 2013.

3) Pol. Gen. Adul Sangsingkeo was appointed as director by the Annual General Meeting of Shareholders No. 190 and as member of the Nomination, Compensation and Corporate Governance Committee by the Board of Directors on 4 April 2013.

4) Pol. Gen. Adul Sangsingkeo attended the Nomination, Compensation and Corporate Governance Committee Meeting No. 5/2013 on 18 October 2013 via teleconference.

5.9 Procedure for Nomination of Directors and Senior Executives

The Nomination, Compensation and Corporate Governance Committee is responsible for screening and proposing to the Board qualified candidates to serve as directors and members of Board committees based on the candidates' knowledge, capabilities, and experience required for the director positions falling vacant, as well as, in the case of independent directors, their independence. With regard to the directors representing major shareholders, in principle the major shareholders are required to propose individuals to be elected as the Bank's directors as deemed appropriate. The Board only has duty to verify that the qualifications of individuals nominated are not contrary to relevant laws. The Board proposes the nominated candidates to the shareholders for election at the AGM. Further, to conform to the Bank's policies governing directors' holding position in other companies, the Nomination, Compensation and Corporate Governance Committee refrains from considering candidates who hold positions in five or more listed companies and/or non-listed subsidiaries of the Bank. The Nomination, Compensation and Corporate Governance Committee will consider candidates proposed by shareholders and individual directors and, after scrutiny of their qualifications to ensure compliance with laws and regulations, propose selected candidates to the Board. Following the Board's endorsement of the nominated candidates, the Bank will consult with and seek endorsement from the Bank of Thailand prior to proposing the directors to the shareholders for approval.

The Nomination, Compensation and Corporate Governance Committee is also responsible for reviewing and screening qualifications of persons nominated for senior executive positions, i.e., the positions of chairman of the Executive Committee, president, senior executive vice president, first executive vice president, and executive vice president, prior to proposing the nominations to the Board for approval and subsequently to the Bank of Thailand for endorsement of the appointment.

As regards the appointment of senior management below the level of executive vice president, the head of each relevant functional group and the Human Resources Group are responsible for considering, screening and proposing such appointment to the president for approval.

The above-mentioned processes for nomination, selection and appointment of directors and senior executives are conducted by the Board, the Nomination, Compensation and Corporate Governance Committee and relevant management without discrimination against any person on the grounds of difference in race, religious belief, gender, marital status or disability.

5.10 Succession Planning

The Board has assigned the Nomination, Compensation and Corporate Governance Committee to be responsible for succession planning in order to ensure that the Bank has in place a succession plan that incorporates the nomination, selection and training for key positions, particularly the positions of the chairman of the Executive Committee, president and executives at executive vice president level and above, to ensure their readiness and continuity of the Bank's management and business operations when executive positions become vacant due to job transfer, retirement or resignation. Details of succession planning are described in the Sustainability Report.

5.11 Director and Executive Remuneration

The Board requires that director remuneration should be commensurate with the duties and responsibilities that directors undertake to fulfill stakeholders' expectations and in accordance with applicable laws and regulations. It is implicit that the Bank's directors must possess appropriate experience and qualifications and be offered remuneration appropriate for their contributions and responsibilities. The Nomination, Compensation and Corporate Governance Committee is responsible for proposing remuneration of directors and members of Board committees to the Board for consideration and proposal to shareholders for annual approval.

5.11.1 Director Remuneration

The current remuneration of director was approved by shareholders at the 2013 AGM. The chairman of the Board receives a remuneration of Baht 1.8 million per year, and each member of the Board receives a remuneration of Baht 1.2 million per year. The rates are the same as those adopted since 2000. In 2013, the Board of Directors, totaling 18 persons, received an aggregate remuneration of Baht 19.80 million.

At the said AGM, shareholders approved a bonus payment to directors at a rate of not more than 0.5 percent of the dividend, and authorized the Board to determine how the bonus should be distributed. As shareholders approved a dividend payment of Baht 15,296 million or Baht 4.50 per share for the Bank's 2012 operating results, the total directors' bonus for 2012 performance was Baht 60 million or 0.4% of the dividend.

Current Remuneration of the Board Committees as Approved by Shareholders at the 2013 AGM

Committee	Monthly remuneration (Baht)	Attendance fee (Baht/meeting)
Executive Committee		
• Chairman	-	-
• Member	-	-
Audit Committee		
• Chairman	75,000	15,000
• Member	50,000	10,000
Nomination, Compensation and Corporate Governance Committee		
• Chairman	45,000	15,000
• Member	30,000	10,000
Corporate Social Responsibility Committee		
• Chairman	45,000	15,000
• Member	30,000	10,000

Remark: The chairman of the Executive Committee, president, and director and senior executive vice president, Group General Counsel do not receive remuneration for serving on Board committees.

In 2013, members of the Board committees, i.e., the Executive Committee, the Audit Committee, the Nomination, Compensation and Corporate Governance Committee and the Corporate Social Responsibility Committee, totalling 15 persons, received remuneration of Baht 7.88 million.

Remuneration of individual directors is shown in Table 3.

Table 3: Details of Remuneration of Individual Directors in 2013.

Unit: Million Baht

Name	Board of Directors	Executive Committee	Audit Committee	Corporate Social Responsibility Committee	Nomination, Compensation and Corporate Governance Committee	Directors' bonus for 2012 performance
1. Mr. Anand Panyarachun	1.80	-	-	0.44	-	5.49
2. Dr. Vichit Suraphongchai	1.20	-	-	-	-	3.66
3. Mr. Maris Samaram	1.20	-	1.08	-	-	3.66
4. Prof. Vicharn Panich M.D.	1.20	-	-	0.66	-	3.66
5. Mr. Chumpol NaLamlieng	1.20	-	-	-	0.63	3.66
6. Assoc. Prof. Dr. Kulpatra Sirodom	1.20	-	0.72	-	-	3.66
7. Mr. Ekamol Kiriwat	1.20	-	0.72	-	-	3.66
8. Mr. Prasan Chuaphanich ¹⁾	0.90	-	0.54	-	-	-
9. Dr. Chirayu Isarangkun Na Ayuthaya	1.20	-	-	0.44	-	3.66
10. M.R. Disnadda Diskul	1.20	-	-	0.42	-	3.66
11. Khunying Jada Wattanasiritham	1.20	-	-	0.44	0.42	3.66
12. Miss Supa Piyajitti	1.20	-	-	-	0.42	3.66
13. Mr. Robert Ralph Parks	1.20	-	-	-	0.39	3.66
14. Pol. Gen. Adul Sangsingkeo ²⁾	0.90	-	-	-	0.28	-
15. Mrs. Kannikar Chalitaporn	1.20	-	-	-	-	3.66
16. Mr. Bodin Asavanich	1.20	-	-	-	-	3.66
17. Mr. Sumate Tanthuanit ³⁾	0.31	-	0.18	-	-	3.66
18. Prof. Dr. Thosaporn Sirisamphand ³⁾	0.31	-	-	-	0.11	1.79
19. Mr. Thevan Vichitakul ⁴⁾	-	-	-	-	-	1.52
Total	19.80	-	3.23	2.40	2.25	60.00

Remark: 1) Mr. Prasan Chuaphanich was appointed as director by the Annual General Meeting of Shareholders No. 190 and as member of the Audit Committee by the Board of Directors on 4 April 2013.

2) Pol. Gen. Adul Sangsingkeo was appointed as director by the Annual General Meeting of Shareholders No. 190 and as member of the Nomination, Compensation and Corporate Governance Committee by the Board of Directors on 4 April 2013.

3) Mr. Sumate Tanthuanit and Prof. Dr. Thosaporn Sirisamphand left office as director on 4 April 2013.

4) Mr. Thevan Vichitakul left office as director on 1 June 2013.

5.11.2 Executive Remuneration

The Nomination, Compensation and Corporate Governance Committee is responsible for proposing remuneration for executives to the Board for endorsement. The remuneration should be appropriate for, and in line with, the Bank's policies as well as reflect corporate and individual performance. The remuneration consideration is based on the transparent criteria, scope of responsibilities, and competitiveness of the Bank as compared to leading financial institutions and companies in Thailand.

In accordance with the definition determined by the Office of Securities and Exchange Commission, the term "executives" refers to "executives at the senior executive vice president level and above, including executives of the finance or accounting department." In 2013, the Bank's executives according to such definition totaled 11 persons, and they received remuneration in the form of monthly salary, bonus and allowance amounting to Baht 363.91 million. On the other hand, the term "executives" according to the definition of the Bank of Thailand refers to executives at executive vice president level and above; and the Bank's executives according to such definition totaled 69 persons and in 2013 they received the remuneration in the form of monthly salary, bonus and allowance amounting to Baht 1,012.57 million.

5.11.3 Other Benefits for Directors and Executives

Directors and executives of the Bank are entitled to receive other welfare and benefits in accordance with the Bank's regulations. In 2013, one non-executive director and three executive directors of the Bank obtained medical expenses reimbursement of Baht 23,588.50 and Baht 1.71 million respectively. The Bank's executives are entitled to welfare and other benefits similar to those offered to other employees such as medical welfare, annual medical check-up, life and accident insurance, welfare loans, and provident fund contribution. In 2013, the Bank's provident fund contribution for 9 executives as defined by the Office of Securities and Exchange Commission (i.e., the senior executive vice president level and above including executives of the finance or accounting department) was Baht 9.01 million, while the provident fund contribution for 66 executives as defined by the Bank of Thailand (i.e., the executive vice president level and above) was Baht 33.11 million.

5.12 Director Orientation

The Bank arranges orientation meetings for all new directors. At these meetings, briefings on the Bank's vision, strategies, key business targets and operations plans are given by the president and senior executives. Important documents are also provided for new directors, including the Director's Manual, the Memorandum and Articles of Association of the Bank, the Bank's Annual Report, and the Directors' Code of Conduct. Such documents provide key information regarding roles and responsibilities of directors, the Corporate Governance Policy, approval authority, prohibitions under applicable laws, and roles and responsibilities of the Board committees.

5.13 Director, Executive and Employee Development

5.13.1 Director Development

The Bank attaches importance to the development of its directors and encourages directors to participate in such courses or activities as will serve to enhance their knowledge and performance as members of the Board of Directors and Board committees. These courses and activities are usually arranged by the Stock Exchange of Thailand, the Office of Securities and Exchange Commission, and the Thai Institute of Directors, such as Director Certification Program (DCP), Director Accreditation Program (DAP), Audit Committee Program (ACP), and Monitoring the Internal Audit Function (MIA). Directors are also encouraged to attend overseas seminars and activities that promote corporate governance practices at a national level such as the 2nd National Director Conference 2013 arranged by the Thai Institute of Directors. In this regard, the Bank regularly keeps directors informed of relevant training courses in advance for their consideration.

Further, the Board of Directors has directed the Bank to regularly arrange development programs to ensure that directors are equipped with skills and knowledge that are current and related to their performance as members of the Board of Directors and Board committees and incorporate such programs in Board meetings at least once per year.

5.13.2 Executive and Employee Development

The Bank strongly believes that continuous development of its human resources at all levels is a key foundation for sustainable growth and business success, both in the short- and long-term. Therefore, the Bank has focused its efforts on encouraging executives and employees to develop their skills and capabilities as well as offering them with opportunities to advance their careers. In pursuing its goal of becoming a learning organization, the Bank continued its implementation of a blended learning and development approach to promote learning-outside-the-classroom in 2013. In particular, internal skills development projects became more integrated to business realities. Other major programs implemented by the Bank in 2013 included coaching programs, e-learning, leadership development programs, scholarship programs for domestic and overseas educational programs, and a project named I-Plearn, which offers new and innovative edutainment learning tools.

Details of executive and employee development are shown in the Sustainability Report.

5.14 Oversight of Subsidiaries and Affiliates

The Bank, as the parent company of companies in SCB Financial Group, attaches importance to aligning the business direction of companies in SCB Financial Group to the Bank's policies and processes, as this contributes to synergy and operational effectiveness of the SCB Financial Group.

The Board of Directors has delegated to the Executive Committee the authority to nominate the Bank's executives with the right business acumen and expertise as representative directors of companies in the SCB Financial Group in order to partake in the formulation of the policies and management direction of the affiliate and bring them in line with the Bank's key policies. In this regard, the Bank has developed a representative director handbook, which defines the roles and responsibilities of representative directors as well as provides guidelines for representative directors who have a key role in protecting the rights and interests of the Bank and its shareholders.

Also, to promote transparency and prevent conflict of interest, the Bank, as the parent company, has established policies and regulations governing transactions among companies in the SCB Financial Group based on applicable regulatory and legal requirements.

Further, the Risk Management Committee is established by the Board of Directors and tasked with monitoring and supervising risk management practices of all companies in the SCB Financial Group to ensure their compliance with risk management policies and regulations as imposed by the Bank and the Bank of Thailand. Risk management policies for companies in SCB Financial Group have been developed to provide standard guidelines for identifying, assessing, controlling, monitoring and reporting material risks specific to each company in the SCB Financial Group.

5.15 Board Support Unit

The Bank provides support to and recognizes the importance of the following units and personnel responsible for ensuring the Bank's proper compliance with laws and regulations as well as the Board's adherence to statutory and good corporate governance practices:

5.15.1 Chief Audit and Compliance Officer

The Audit and Compliance Group has been established to monitor and govern compliance of the Bank and companies in the SCB Financial Group with laws, regulatory requirements and the Bank's Compliance Policy. The Audit and Compliance Group also functions

as an independent and neutral body responsible for auditing operations, providing advice, recommending improvements to internal control and risk management systems, and enhancing corporate governance practices. Audit and Compliance Group is led by Mrs. Kannika Ngamsopee, first executive vice president and chief audit and compliance officer, who is responsible for ensuring that the aforesaid roles and responsibilities are effectively carried out. The chief audit and compliance officer reports operationally to the president, and functionally to the Audit Committee. The Audit Committee has the duty to review the suitability of the chief audit and compliance officer in terms of qualifications and performance, as well as to endorse the appointment, removal, transfer, or dismissal of the chief audit and compliance officer, including performance assessment.

5.15.2 Company Secretary

The Board of Directors has appointed Mrs. Siribunchong Uthayophas as company secretary to support the Board with respect to statutory and supervisory requirements, good corporate governance as well as other duties and responsibilities as specified in the Bank's Corporate Governance Policy. The company secretary reports functionally to the chairman of the Board of Directors and operationally to the senior executive vice president, Group General Counsel. Functions of the company secretary are available on the Bank's website (www.scb.co.th) under the sequence of menu headings "About SCB," "Corporate Governance," and then "Company Secretary."

Educational background, work experience, and training records of the two persons mentioned above are provided in this Annual Report.



The Human Resources Group has set up programs like The Coach, for mentoring, and Purple People Talk, to let staff voice workplace concerns confidentially. These are among many efforts to help employees maximize their career potential and job satisfaction.

PEOPLE & SOCIETY

The outcome of SCB's business success translates into value creation for its shareholders and employees, its communities, and for Thai society. Internally, the Bank's people-related strategy is to encourage lifelong employment through providing a great workplace. As a means to contribute to society's knowledge and resilience, the Bank dedicates its social engagement efforts toward youth development, environmental protection and promoting volunteerism.

There is much to be learned from working with people from other organizational divisions of the Bank on tasks that are unfamiliar to all. Community work helps to build character in younger employees, and to broaden skill sets in more senior staff. This is why SCB endeavors to engage its employees in community outreach programs, which also adds a sense of purpose to, and pride in, working at SCB. This helps develop talent acquisition, retention, and development-related goals. (Please refer to Sustainability Report for more detail).

REPORT OF THE NOMINATION, COMPENSATION AND CORPORATE GOVERNANCE COMMITTEE

The Nomination, Compensation and Corporate Governance Committee comprises five directors, of which three including the chairman of the Committee are independent directors and two are non-executive directors. Key duties and responsibilities of the Committee are as set out in the Nomination, Compensation and Corporate Governance Committee Charter and the Corporate Governance Policy.

In 2013, the Committee held six meetings. Highlights of the Committee's undertakings during the year are as follows:

1. Deliberated on and recommended appropriate actions and guidelines to the Board to approve the Bank's revision of its corporate governance practices and principles in order to be in line with internationally recognized best practices.
2. Arranged the performance assessment of the Board, the chairman of the Board, individual directors and the Board Committees by using the assessment forms revised in 2012 by an external consulting firm. In addition, the Committee reviewed the assessment questions and customized them to correspond to the actual roles and responsibilities of the Board.
3. Selected and nominated candidates for directorship from the list of candidates proposed by shareholders and directors. In doing so, consideration was given to each candidate's qualifications and to ensure diversity in terms of knowledge, competence, experience, gender, etc. The Committee gave precedence to the examination of nominee qualifications to ensure appropriateness prior to proposing nominations to the Bank of Thailand for endorsement. Qualified candidates were then proposed to the Board and subsequently to shareholders for election and appointment.
4. Selected and nominated a candidate for the position of advisor to the Board of Directors and proposed the nomination to the Board for appointment. The roles and responsibilities of the advisor encompass attendance at meetings of the Board of Directors in order to provide advice and/or opinions on matters as assigned by the Board.
5. Considered the amount of compensation of the chairman of the Board and members of the Board and Board committees, based on the scope of duties and responsibilities, the Bank's operating results and the economic situation in general to ensure suitability and reasonableness, prior to proposing the amount to the Board and shareholders for approval. The directors' bonus rate for 2013 was determined to remain the same as that of 2012, i.e., not exceeding 0.5% of the dividend payout.
6. Nominated candidates for appointment as the Bank's senior executives prior to proposing such nominations to the Bank of Thailand and the Board for approval.
7. Arranged for the performance assessment of the chairman of the Executive Committee, the president, and senior executives against predetermined targets and performance criteria, and then proposed this assessment to the Board for use in consideration and approval of the suitable remuneration framework. The Committee was of the opinion that the proposed compensation and benefits are appropriate given the assigned duties and responsibilities as well as performance of these executives, and considering the economic situation in general, and are generally consistent with compensation and benefits in the industry



Mr. Chumpol NaLamlieng

Chairman of the Nomination, Compensation
and Corporate Governance Committee

Audit Fees

The Bank and its subsidiaries incurred audit fees of Baht 24.7 million payable to the auditors for the 2013 fiscal year (2012: Baht 25.9 million).

Non-Audit Fees

The Bank and its subsidiaries paid fees for services other than statutory audits as follows:

1. Special audits and examination of banking returns as required by regulations.
2. Examination of foreign exchange booths.
3. Information technology review covering electronic money transfer system.
4. Audit of the Risk-Based Capital Reports.
5. Tax services.
6. Review of Treasury/ Financial Markets activities - a special project.
7. Financial Reporting Review.

Non-audit fees amounted to Baht 10.7 million for the 2013 fiscal year (2012: Baht 12.5 million), of which Baht 1.7 million was paid in 2013, and Baht 9 million is due to be paid in 2014.

RELATED PARTY TRANSACTIONS

The Bank places great emphasis on preventing misuse of insider information by directors and staff, and with this in mind it has formulated policies, regulations, and approval procedures for related-party transactions, and guidelines on connected transactions to prevent conflicts of interest.

The Bank's regulations and approval procedures for connected transactions and transactions that might involve a conflict of interest are as follows:

- Strict compliance with the notifications of Securities and Exchange Commission regulations and the Capital Market Supervisory Board regarding connected transactions and transactions that might involve a conflict of interest. Hence, directors or executives involved in transactions that might lead to a conflict of interest are excluded from consideration of such transactions. The company secretary records the relationships of the directors or executives in the minutes if applicable.
- Pricing policy and conditions for transactions between the Bank and connected entities must be on an arm's length basis and, broadly, the same as those for transactions with external parties.
- The Board of Directors (excluding directors holding a stake) does not delegate the approval authority for loans, investments, obligations, or lending-like transactions involving the Bank's major shareholders or businesses having interests related to the Bank, directors, and persons with management authority or their related persons (as defined by the Financial Institution Business Act B.E. 2551 (2008)).
- Oversight of the SCB Group's intra-group transactions ensures that each company's operations are in compliance with related regulations and prevents conflicts of interest arising from intra-group transactions.

The Disclosure of Intra-Group Transaction Policy

Governance on Intra-Group Transactions

In order to enhance transparency for intra-group transactions between companies in the SCB Financial Group, and to avoid any conflict of interest between SCB and other shareholders in businesses that are not wholly owned by SCB, an Intra-Group Transaction Policy has been approved and is annually reviewed by the SCB Board of Directors. This Policy serves as a guideline for the control of intra-group transaction risk management. In particular, a materiality ratio for lending, investment, contingent liabilities and lending-related transactions is applied in a manner consistent with the Bank of Thailand's quantitative supervision guidelines.

In addition, this Policy provides that every transaction must be concluded in writing and with legal enforceability, and must not include special conditions that materially differ from similar business transactions with unrelated parties. Also, the Policy requires that all documentary evidence must be retained in accordance with customary business practices, and that approval authorization shall be determined in a manner consistent with the risk level of each transaction.

Policies and Trends of Related-Party Transactions

SCB's continual emphasis on good governance principles has led to a clear policy for related-party transactions that complies with the provisions of law and the notifications of the Stock Exchange of Thailand and the Securities and Exchange Commission regarding connected transactions. Too, SCB's policy for the acquisition and disposal of assets of listed companies complies with the notifications of the Bank of Thailand.

When the Bank has occasion for a related-party transactions in the course of its business operations, it seeks to conduct such transactions transparently and with appropriate approvals.

Information Disclosure

The Bank discloses related-party transactions and connected transactions, in compliance with the regulations of the Stock Exchange of Thailand, in the notes to the financial statements in the annual report in accordance with the requirements, conditions and methods for such information disclosure.

In 2013, the Bank had no connected transaction of significant value that was required to be disclosed according to the requirements of the regulations of the Stock Exchange of Thailand.

REPORT OF THE BOARD OF DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Board of Directors is responsible for the Bank's financial statements and the consolidated financial statements of the Bank and its subsidiaries that are provided in this Annual Report. These financial statements are prepared in accordance with accounting standards generally accepted in Thailand, using appropriate accounting policies that are applied on a consistent basis. The financial statements are also prepared after careful consideration and, when applicable, use of appropriate estimates and judgments. All significant information related to the accounting policies and the financial statements, including the conventions and practices used for the preparation of these financial statements, are adequately disclosed in the notes to the financial statements in order to facilitate understanding and use. Independent auditors have audited these financial statements, and their audit opinion is stated within the audit report.

The Board of Directors has required the management of the Bank to adopt and maintain an effective and efficient internal control system, including risk management policies and procedures such that there is reasonable assurance on: the integrity and reliability of the Bank's accounting records; the safeguarding of its assets; and the prevention of fraud and errors in the operations of the Bank.

The Audit Committee, comprising independent directors, has been appointed by the Board, and it has the responsibility for overseeing the quality of the Bank's financial reports and its internal control system. In this respect, the Audit Committee's view regarding such matters is stated in the Annual Report under the Audit Committee's Report.

The Board is of the view that the Bank's overall internal control system is adequate in the context of the nature and scale of the Bank's business, and that the financial statements of the Bank, including the consolidated financial statements of the Bank and its subsidiaries as of 31 December 2013, reflect the financial state of the Bank and its subsidiaries at the said date and its financial results for the year ending 31 December 2013.



(Mr. Anand Panyarachun)
Chairman of the Board



(Mrs. Kannikar Chalitaporn)
President

AUDIT COMMITTEE REPORT

The Audit Committee of Siam Commercial Bank PCL comprises four qualified independent members, including Mr. Prasan Chuaphanich, appointed by the Board of Directors on 4 April 2013 in replacement of Mr. Sumate Tanthuwani, whose tenure ended in 2013. The members of the Audit Committee are as follows:

- | | | |
|-----------------|-------------|---------------------------------|
| 1. Mr. Maris | Samaram | Chairman of the Audit Committee |
| 2. Dr. Kulpatra | Sirodom | Member of the Audit Committee |
| 3. Mr. Ekamol | Kiriwat | Member of the Audit Committee |
| 4. Mr. Prasan | Chuaphanich | Member of the Audit Committee |

Mrs. Kannika Ngamsopee, first executive vice president and chief audit and compliance officer, serves as the secretary to the Audit Committee.

The Audit Committee performed its duties in accordance with the scope of responsibilities defined in the Audit Committee Charter approved by the Board of Directors. In 2013, the Audit Committee held 12 meetings with management and senior executives in charge of concerned units and internal auditors. Also, the Committee met with external auditors without management present. Summaries and recommendations from each Audit Committee meeting were presented to the Board of Directors to seek directives on issues as the Board may see fit.

Highlights were as follows:

- **Financial Statements**

The Audit Committee, jointly with the auditors and executives of the Finance Group, regularly reviewed SCB's quarterly, half-year, and annual financial statements, and the consolidated financial statements of SCB and its subsidiaries, to ensure that the preparation of financial statements is accurate and complete in terms of material information and in accordance with Thai Financial Reporting Standards and related laws and regulations. Such review included consideration of the findings from audits, risks and risk management plans, internal control related to the preparation of financial statements, and the adequacy of information disclosure in the financial statements. This is to ensure that the financial statements are materially accurate and complete and provide a clear view on the financial state-of-the-affairs of the Bank in 2013.

- **Internal Control and Audit**

The Audit Committee considered the results of internal control assessment by management, the Audit and Compliance Group, external auditors, the Bank of Thailand, and other regulators overseeing the Bank and its subsidiaries. The aim of the Committee is to continuously monitor corrective actions regarding critical risk issues, and irregular incidents such as fraud and operational mistakes, to acknowledge causes, and to suggest guidelines or measures to prevent potential loss. The Audit Committee concluded that the internal control was appropriate and adequate for the business operations of the Bank and its subsidiaries, and no material issue or shortcoming was found. The conclusion was in line with the external auditors' opinion and proposed to the Board of Directors accordingly.

The Audit Committee considered the independence of internal audit, approved the Audit Division's audit plans, and provided recommendations for better and more effective operations. In 2013, the Audit and Compliance Group and the Risk Management Group jointly proceeded with the procurement of a governance, risk & compliance system to collect data for risk assessment. Further, the Audit Division has implemented technology in data analysis and improved the credit review process. Finally, audit staff members are encouraged to continuously develop their knowledge and skills to undertake more effective and efficient reviews.

The Audit Committee was of the opinion that the first executive vice president and chief audit and compliance officer has appropriately and effectively supervised and monitored the operations of the Audit Division and the Compliance & Operational Control Division. An annual merit increases was considered based on her performance.

(See the profile of the first executive vice president and chief audit and compliance officer on page 225)

- **Regulatory Compliance**

The Audit Committee reviewed the Compliance & Operational Control Division's supervision of SCB and its subsidiaries' compliance with laws and regulations, and the Division's performance, on a monthly basis. This is to ensure SCB and its subsidiaries' regulatory compliance, and that corrective actions have been taken as needed and improvements are closely monitored. The Audit Committee regularly reported critical issues and significant regulatory changes that might affect the Bank's operations to the Board of Directors. The Audit Committee reviewed and approved the annual compliance report, before submitting it to the Bank of Thailand and the Securities and Exchange Commission.

In 2013, SCB reviewed compliance policies, orders, regulations, and performance review plans, particularly to meet the law, regulations and emerging international standards, including anti-money laundering and combating the financing of terrorism (AML/CFT) frameworks, the Foreign Account Tax Compliance Act (FATCA), and the Dodd-Frank Wall Street Reform and Consumer Protection Act. An easy-to-understand communication form was developed to convey significant regulatory compliance issues to staff to improve compliance efficiency.

- **Risk Management**

The Audit Committee considered SCB and the SCB Group's risk management policy and held monthly meetings with senior executives of the Risk Management Group to acknowledge and monitor potential risk issues at home and abroad. This is to ensure that SCB and the SCB Group's risk management is effective, and that preventive guidelines and measures are in place to handle potential situations and prevent them from impacting the Bank's operations.

- **External Auditor**

The Audit Committee considered the appointment of external auditors and proposed KPMG Phoomchai Audit Ltd. as the external auditor for SCB and its subsidiaries, based on the auditor's qualifications and independence in accordance with the Securities and Exchange Commission's requirements, as well as the quality of the audit in the past year. The Audit Committee considered the proposed audit fees, before proposing the auditor appointment and audit fees for the year 2013 for approval by the Board of Directors and by shareholders.

- **Related-Party Transactions and Conflicts of Interest**

The Audit Committee is required to consider significant related-party transactions and those that might involve a conflict of interest in line with regulatory compliance norms, so that any such transactions can be proposed to the Board of Directors and/or shareholders. This is to ensure that such transactions are transparent and reasonable, and protect the interests of the Bank and its shareholders. In 2013 there were no significant related-party transactions or those that might involve a conflict of interest.

- **Others**

The Audit Committee Charter was reviewed and updated to be clearer and more comprehensive. Members of the Audit Committee undertook self-assessment to enhance the efficiency of the Committee's performance.

The Audit Committee performed its duties as assigned by the Board of Directors. Its performance adhered to integrity, prudence, transparency, independence, and to the ultimate benefit of the Bank.

The Audit Committee is of the opinion that the financial statements of SCB and its subsidiaries have been prepared accurately with adequate information disclosure, in accordance with Thai Financial Reporting Standards. The external auditor is independent and has performed all duties professionally. The SCB risk management system and internal controls are adequate and appropriate for its business operations. The Bank has strictly supervised and monitored its compliance with laws, regulations, and rules related to business operations and monitored the prevailing environment and coped with potential risks that may arise. Given this performance, SCB is capable of sustaining its trustworthiness among its customers, shareholders, employees and community.



(Mr. Maris Samaram)

Chairman of the Audit Committee



THINKING OF
THE FUTURE

THINK
SCB

MANAGEMENT DISCUSSION AND ANALYSIS

For year ended December 31, 2013

IMPORTANT DISCLAIMER:

The information contained in this document has been prepared from several sources, and Siam Commercial Bank Pcl (the "Bank") cannot confirm, in all cases, the accuracy and completeness of such data, particularly where sourced from outside the Bank. In addition, any forward looking statements are subject to change as a result of market conditions and the final outcome may be different to that indicated. The Bank makes no representation or warranty of any type whatsoever on the accuracy or completeness of the information contained herein.

Siam Commercial Bank PCL reported (audited) consolidated **net profit** of Baht 50,233 million for 2013 - a 28.0% yoy increase of Baht 10,998 million from the Baht 39,235 million recorded in 2012. The significant **year-on-year** increase in net profit was largely attributed to: higher net interest income from loan growth as well as a larger component of higher yielding loans; solid growth in net fee and insurance premium income; significantly higher dividend income; and higher net trading and FX income. These gains were partly offset by substantially higher prudent provisions, although loan portfolio quality remains stable.

Operating profit (excluding impairment loss and/or provisions on loans and debt securities, income tax and non-controlling interest) increased by 25.8% yoy to Baht 76,215 million from Baht 60,583 million in 2012 due to the substantial increases in both net interest income and non-interest income as described above.

Total comprehensive income increased 18.3% yoy to Baht 49,517 million from Baht 41,869 million in 2012 as a result of the higher net profit but partly offset by a loss on the revaluation of the available-for-sale investment portfolio as a result of market volatility toward the year-end.

As a result of the higher net profit, earnings per share (EPS) rose by 28.0% to Baht 14.78 in 2013 from Baht 11.54 in 2012. Return on average equity (ROAE) and return on average assets (ROAA) increased from 19.7% and 1.9% in 2012 to 21.8% and 2.1%, respectively.

Net Profit and Total Comprehensive Income

	Unit : Baht Million		
Net Profit and Total Comprehensive Income (Consolidated)	2013	2012 (restated)	(% yoy)
Net interest income	73,009	62,104	17.6%
Non-interest income	50,523	40,880	23.6%
Non-interest expenses	47,317	42,402	11.6%
Operating profit	76,215	60,583	25.8%
Impairment loss on loans and debt securities	13,641	9,396	45.2%
Income tax*	11,821	11,667	1.3%
Non-controlling interest	519	285	82.2%
Net profit (attributable to shareholders of the Bank)*	50,233	39,235	28.0%
Other comprehensive income*	(716)	2,634	-127.2%
Total comprehensive income*	49,517	41,869	18.3%
EPS (Baht)*	14.78	11.54	28.0%
ROE*	21.8%	19.7%	
ROA*	2.1%	1.9%	

* Following the adoption of deferred tax accounting in 2013, the prior year amounts for income tax, net profit, other comprehensive income, total comprehensive income, EPS, ROE and ROA have been restated and the above comparison is to the restated amounts. Before such restatement, the % change for income tax, net profit, other comprehensive income, total comprehensive income, and EPS would be 10.7%, 24.9%, -121.1%, 13.5% and 24.9% on a yoy basis for the yearly comparison.

I. Income Statement for 2013 (Consolidated basis)

1. Net interest income

Net interest income rose 17.6% **yoy** to Baht 73,009 million in 2013 from Baht 62,104 million in 2012. The increase in interest income was primarily a result of the loan growth of 12.1% yoy, a larger component of higher yield loans and a larger liquid assets portfolio comprising mostly government bonds. Interest expenses increased mainly from the higher volume of deposits (+12.9% yoy) and the corresponding higher contribution to FIDF/deposit insurance fees. The increase in interest expenses was partly offset by the continuing decline in the volume of bills of exchange (B/Es) and the associated interest expenses on borrowings.

	Unit : Baht Million		
Net Interest Income and Yield (Consolidated)	2013	2012 (restated)	(% yoy)
Interest income	120,691	103,399	16.7%
- Loans	91,753	78,965	16.2%
- Interbank and money markets	5,028	4,789	5.0%
- Automobile and financial lease income	10,668	8,170	30.6%
- Investments	13,226	11,469	15.3%
- Other	16	6	181.2%
Interest expenses	47,682	41,295	15.5%
- Deposits	33,943	26,567	27.8%
- Interbank and money markets	1,839	1,617	13.7%
- Borrowings	3,914	6,449	-39.3%
- Contribution to the Deposit Protection Agency/FIDF	7,980	6,657	19.9%
- Other	6	5	26.4%
Net interest income	73,009	62,104	17.6%
Net interest margin	3.19%	3.18%	0.01%
Yield on earning assets	5.27%	5.29%	-0.02%
Yield on loans	6.24%	6.14%	0.10%
Yield on interbank	3.01%	3.33%	-0.32%
Yield on investment	2.75%	2.94%	-0.19%
Cost of funds*	2.45%	2.47%	-0.02%
Cost of deposits**	2.44%	2.37%	0.07%
Spread (yield on earning assets – cost of funds)	2.82%	2.82%	0.00%

Note Profitability ratios are calculated by averaging the beginning and ending balance for the period as the denominator.

* Cost of funds = interest expenses (including the contribution to FIDF/DPA) / interest-bearing liabilities.

** Cost of deposits includes the contribution to the Deposit Protection Agency and FIDF fee.

Interest income in 2013 was Baht 120,691 million, a 16.7% yoy increase of Baht 17,292 million from Baht 103,399 million in 2012. Major highlights were as follows:

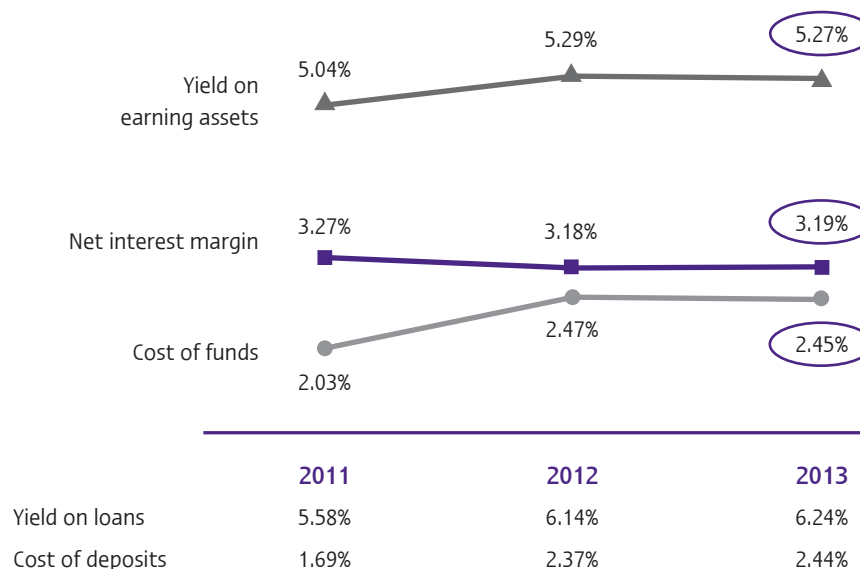
- **Interest income from loans** increased 16.2% yoy to Baht 91,753 million from both loan growth of 12.1% yoy and a larger component of higher-yield loans;
- **Automobile and financial lease** income increased 30.6% yoy to Baht 10,668 million mainly from a 9.9% yoy growth in automobile loans mainly from the government's tax rebate scheme for first-time car buyers - although further growth has been sharply curtailed since deliveries of cars sold under the scheme were completed at the end of June 2013;
- **Interest income from interbank and money markets** increased 5.0% yoy mainly due to the higher volume of interbank and money market balances in 2013 compared to a year earlier;
- **Interest income from investments** increased by 15.3% yoy to Baht 13,226 million, mainly from the larger portfolio of liquid assets - comprised largely of government bonds.

At the same time, **interest expenses** increased 15.5% yoy to Baht 47,682 million in 2013, mainly from the growth of the deposit base by 12.9% yoy (which includes the progressive migration of some of the maturing B/E's to term deposits) and the launch of several higher-rate fixed deposit campaigns. Interest expenses from borrowings decreased 39.3% mainly due to the decline in the volume of B/E and the early redemption of subordinated debt which no longer qualified for Tier II capital under Basel III. Contribution to the FIDF and Deposit Protection Agency (DPA) fee increased 19.9% yoy in line with the expansion of the Bank's deposit base over the year.

SCB Interest Rates	Jul 9, 12	Oct 22, 12	Nov 2, 12	Jan 17, 13	Mar 8, 13	May 17, 13	Nov 29, 13	Dec 2, 13	Dec 23, 13
Lending rate (%)									
MLR	7.125	7.00	7.00	7.00	7.00	7.00	6.75	6.75	6.75
MOR	7.425	7.425	7.425	7.425	7.425	7.425	7.425	7.425	7.425
MRR	8.10	8.10	8.10	8.10	8.10	8.10	8.00	8.00	8.00
Deposit rate* (%)									
Savings rate	0.75	0.75	0.75	0.75	0.75	0.75	0.625	0.625	0.625
3-month deposits	1.85-3.00	1.75-2.10	1.65-2.05	1.60-2.00	1.60-2.75	1.60-3.00	1.55-2.85	1.55-2.50	1.50-2.50
6-month deposits	2.30-3.35	2.15-2.35	2.00-2.25	2.00-2.80	2.00-2.80	2.00-3.00	1.85-2.85	1.85-2.10	1.80-2.00
12-month deposits	2.75-3.30	2.50-2.75	2.40-2.60	2.35-2.50	2.35-2.85	2.35-3.20	2.20-3.05	2.20-2.75	2.15-2.25
	Apr 20, 11	Jun 1, 11	Jul 13, 11	Aug 24, 11	Nov 30, 11	Jan 25, 12	Oct 17, 12	May 29, 13	Nov 27, 13
Policy rate (%)	2.75	3.00	3.25	3.50	3.25	3.00	2.75	2.50	2.25

* Excludes special campaigns which were generally at significantly higher rates but with different terms and other conditions to the 3, 6, 12 month term deposits.

Yield on Earning Assets, NIM and Cost (Percentage)



The net interest margin (NIM) for 2013 of 3.19% was relatively flat yoy and was in line with the Bank's full year target range of 3.1-3.2% for 2013.

2. Non-interest income

Non-interest income rose 23.6% yoy to Baht 50,523 million in 2013, which was the result of solid growth in net fee and insurance premium income, higher dividend income, higher net trading and FX income as well as higher gain on investment. Additional details of non-interest income yoy are as follows:

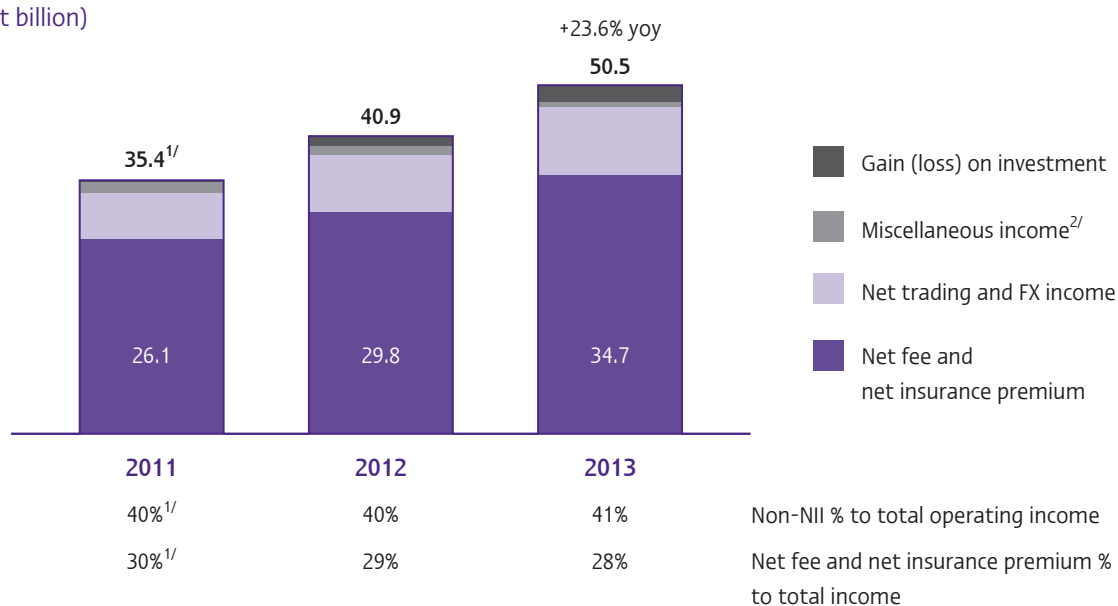
- **Net fee and insurance premium income** (net of claims) increased 16.4% yoy from higher net fee income (+19.7% yoy) from corporate finance fees, brokerage fees and the card-related business together with higher insurance premium income (+9.3% yoy);
- **Net trading and FX income** increased 20.9% yoy, mainly as a result of the higher customer transaction flow and activities in the financial markets;
- **Dividend income** increased significantly by 293.1% yoy primarily as the result of exceptional dividend from an investment in the Bank's equity portfolio and the higher dividend from the Vayupak Fund; and
- **Gain on investments** increased 76.1% yoy as a result of a one-time gain on the redemption of the Vayupak Fund in 4Q13 as the closed-end fund matured.

Unit : Baht Million

Non-Interest Income (Consolidated)	2013	2012 (restated)	(% yoy)
<i>Fee and service income</i>	29,574	24,826	19.1%
<i>Less fee and service expenses</i>	5,098	4,370	16.7%
Net fee and service income	24,476	20,456	19.7%
<i>Net earned insurance premiums</i>	49,061	44,472	10.3%
<i>Less net insurance claims</i>	38,871	35,153	10.6%
Net insurance premiums	10,190	9,319	9.3%
Net fee and insurance premium	34,666	29,775	16.4%
Net trading and FX income	9,079	7,511	20.9%
Share of profit of associates	(7)	1	NM
Dividend income	3,782	962	293.1%
Other income	727	1,338	-45.7%
Non-interest income excluding gain on investments	48,246	39,587	21.9%
Gain on investments	2,277	1,293	76.1%
Total non-interest income	50,523	40,880	23.6%

NM denotes "not meaningful"

Non-Interest Income (Baht billion)

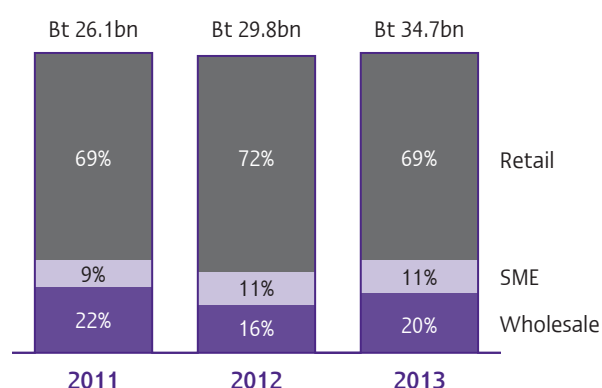


^{1/} Excluding Baht 5.1 billion one-time investment revaluation gain on the acquisition of additional shares in SCB Life. (If this gain were included, the non-NII for 2011 would stand at Baht 40.5 billion.)

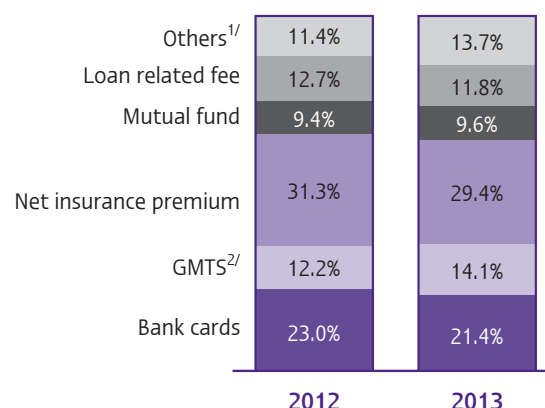
^{2/} Miscellaneous income includes income from the equity interest in affiliated companies, dividends, and other income.

In 2013, **non-interest income** accounted for 41% of total income, while net fee and net insurance premium income made up 28% of total income. The Retail Banking segment contributed about 69% of total net fee and insurance premium income in 2013, down from 72% in 2012, while net fee and insurance premium income from Wholesale Banking rose to 20% in 2013 from 16% in 2012. This is in line with the Bank's strategy to increase the aggregate fee income contribution from Wholesale Banking and SME Banking through a sharper focus on fee-based activities in these business segments and this contribution will, over the medium term, increase the proportion of fee-based income for the Bank as a whole.

Net Fee and Insurance Premium Breakdown by Business Unit (Percentage)



Net Fee and Insurance Premium Breakdown (Percentage)



^{1/} Others include brokerage fee, fund transfer, remittance, etc.

^{2/} GMTS stands for Global Markets and Transaction Services, which includes cash management, trade finance, corporate finance and corporate trust

3. Non-interest expenses

Non-interest expenses increased 11.6% yoy to Baht 47,317 million in 2013 from Baht 42,402 million in 2012. The increase is attributable to the following reasons:

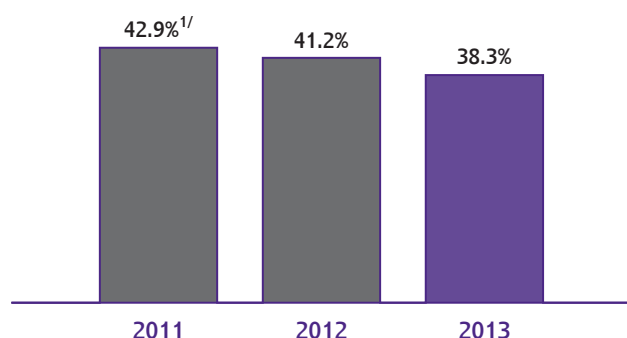
- **Staff costs** increased 14.2% yoy mainly as a result of annual salary adjustments, a higher level of accrued performance bonus and the increase in the number of employees over this period;
- **Premises and equipment expenses** increased 4.4% yoy as a result of continued investments in network expansion and the on-going systems enhancement initiatives;
- **Taxes and duties** increased 9.3% yoy as the higher interest income from loans attracted a corresponding increase in special business tax;
- **Other expenses** increased 14.1% yoy mainly due to higher marketing and promotion expenses and higher losses from the sale of foreclosed and repossessed assets.

Unit : Baht Million			
Non-Interest Expenses (Consolidated)	2013	2012 (restated)	(% yoy)
Staff costs	21,391	18,736	14.2%
Premises and equipment expenses	9,555	9,148	4.4%
Tax and duties	4,026	3,682	9.3%
Director remuneration	97	105	-7.4%
Other expenses	12,247	10,730	14.1%
Total non-interest expenses	47,317	42,402	11.6%
Cost to income ratio	38.3%	41.2%	

In 2013, the cost-to-income ratio was 38.3%, a significant improvement from the 41.2% recorded in 2012. This was a result of a robust growth of total income by 20.0% compared with 11.6% growth in operating expenses. Also, this ratio was much better than the 2013 full year guidance of 40-42% that the Bank provided at the start of the year.

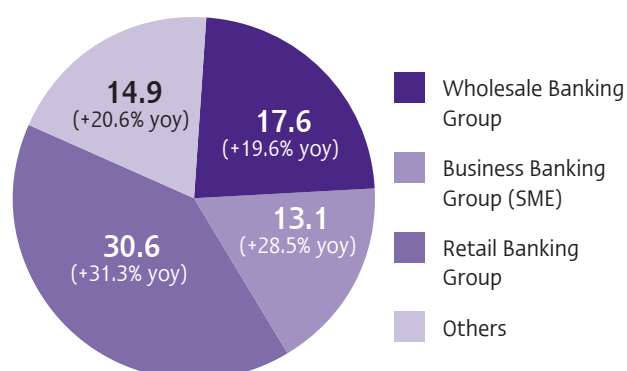
The Bank's capital expenditure continues to be effectively managed and reflects the ongoing investment in network expansion and the strategic systems enhancement initiatives required in the rapidly changing competitive landscape. The outlay on these investments is unlikely to have a significant impact on the cost-to-income ratio level in the near future.

Cost-to-Income Ratio (Percentage)



^{1/} Excluding the one-time investment gain in 2011 on the acquisition of additional shares in SCB Life. If this gain is included, the cost to income ratio would stand at 40.5%.

2013 Operating Profit by Segments (Baht billion)



"Others" comprises operating profit from the Bank's subsidiaries, investment income, and interbank and money market interest which are not allocated to a specific business segment.

"Operating profit" is net profit excluding impairment loss, provisions on loans and debt securities, income tax and non-controlling interest.

4. Loan loss provisions

The Bank's provisioning guidance for 2013 was to set aside loan loss provisions of approximately 60-65bps of total loans outstanding on a bank-only basis. These credit costs incorporate a reasonable quantum of prudential provisions for future uncertainties. In 2013, the Bank has set aside substantial additional loan impairment provisions (**on a consolidated basis**) of Baht 13,641 million or credit cost of about 83bps in 2013 (including additional prudential provision as a counter-cyclical buffer), compared to Baht 9,396 million in 2012; an increase of Baht 4,245 million (45.2% yoy). On a bank basis, total impairment loss provisions was Baht 13,748 million or credit costs of about 84bps.

The Bank's total allowance for doubtful accounts at the end of December 2013 stood at Baht 60,317 million, an increase of 16.1% yoy from Baht 51,956 million at the end of December 2012, while total NPLs increased by Baht 4,119 million from end-2012 to Baht 39,992 million at end-2013. The ratio of NPL-to-loans was relatively flat at 2.14% end-2013, while the coverage level for NPLs has increased from 144.8% at the end of 2012 to 150.8% at the end of 2013.

5. Segments analysis

The Bank has four business segments: the Wholesale Banking Group (WBG) which serves corporate and commercial customers; the Business Banking Group (BBG) which serves SME customers; the Retail Banking Group (RBG) which serves individuals and small businesses; and the Special Business Group (SBG) which is responsible for NPL resolution. In addition, the Bank has four major subsidiaries: SCB Securities Co., Ltd.; SCB Asset Management Co., Ltd.; The Siam Commercial Samaggi Insurance PCL; and SCB Life Assurance PCL. The results of the four subsidiaries together with the income from the Bank's investments, interbank and money market are presented under the "Others" category in the analysis below. Although the fee income earned by subsidiaries is reflected under "Others," this income is allocated back to the appropriate business segment (WBG, BBG or RBG) and disclosed earlier under the non-interest income section (#2 above).

In 2013, 40% of the Bank's operating profit was contributed by the Retail Banking Group followed by the Wholesale Banking Group (23%), the Business Banking Group (17%) and "Others" (20%). Key explanations are as follows:

- Operating profit from the Retail Banking Group increased significantly by 31.3% yoy to Baht 30.6 billion as a result of higher interest income from loan growth (15.8% yoy), especially housing loans, as well as higher fee from card-related businesses.
- Operating profit from the Wholesale Banking Group stood at Baht 17.6 billion, an increase of 19.6% yoy mainly from higher fee income from corporate finance coupled with higher trading and FX income and, to a lesser extent, due to higher interest income from loan growth of 4.6% yoy.
- Operating profit from the Business Banking Group rose 28.5% yoy to Baht 13.1 billion mainly due to higher interest income from robust loan growth (19.0% yoy) as well as higher fee income from loan-related transactions.
- Operating profit from "Others" increased 20.6% mainly due to higher income from the Bank's subsidiaries (SCB Life Assurance PCL, SCB Securities Co., Ltd. and SCB Asset Management Co., Ltd.) and exceptional return from two equity investments.

II. Balance sheet as of December 31, 2013 (Consolidated basis)

As of December 31, 2013, the Bank's total assets stood at Baht 2,534 billion, an increase of Baht 264 billion (11.6%) yoy from Baht 2,270 billion at the end of December 2012. This increase was mainly the outcome of strong business growth over the year. Details of the consolidated balance sheet are as follows:

1. Loans

As at December 31, 2013, total outstanding loans stood at Baht 1,735 billion, an increase of Baht 188 billion (12.1%) yoy from Baht 1,547 billion at the end of December 2012. While the loan growth yoy was broadly based across all business segments, much of the above-market growth was in the SME and housing loan segments. With the deliveries of new cars under the incentive scheme for first-time new car buyers largely completed by 2Q13, the pace of growth for auto loans has slowed sharply in 2H13 and is likely to remain subdued well into 2014.

The loan growth of 12.1% yoy in 2013 was in line with the lower end of the Bank's full year target of 12-15% but skewed toward the 1H13. In 2014, the Bank announced a target to grow its loan book by 7-10%, broadly in line with expected market loan growth.

1.1 Loans by Segment

Unit : Baht Million

Loans by Segment (Consolidated)	Dec 31, 13	Dec 31, 12	(% yoy)
Wholesale	622,385	594,889	4.6%
SME	356,048	299,166	19.0%
Retail	756,848	653,431	15.8%
- Housing loans*	485,097	407,582	19.0%
- Automobile	189,794	172,735	9.9%
- Others loans	81,957	73,114	12.1%
Total loans	1,735,281	1,547,486	12.1%

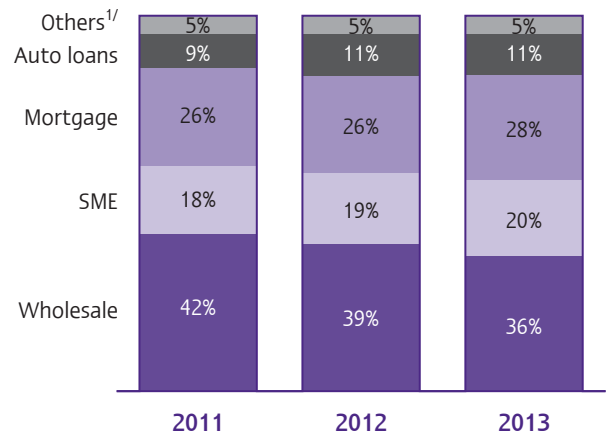
* Includes all home mortgage loans, some of which may be from segments other than Retail.

Details of the loan breakdown by customer segments are as follows:

- **Wholesale** loans increased by 4.6% yoy in line with the Bank's specific focus on growing fee income rather than interest income in this segment;
- **SME** loans rose 19.0% yoy. This strong growth, skewed towards 1H13, was the result of the successful multi-year execution of the Bank's strategy to better penetrate the SME marketplace, particularly at the mid-to-smaller end of this segment. The introduction of new products, better use of data analytics and the expansion of the nationwide footprint to broaden the reach to SME clientele have contributed to the improved market positioning of the Bank in the SME segment;
- **Retail** loans increased 15.8% yoy.
 - **Housing loans** increased 19.0% yoy, driven by the strong SCB brand in the housing loan market, an increasingly effective customer segmentation approach, and for the first half of the year, a home equity product of the Bank;
 - **Automobile loans** grew 9.9% yoy as deliveries of new cars from the incentive scheme for first-time new car buyers were mostly completed by 2Q13. Thus, growth in auto loans slowed significantly in 2H13;
 - **Other loans** (largely personal and credit card loans) increased 12.1% yoy, in line with consumer demand, the Bank's strong retail footprint, and the seasonally high year-end spending pattern.

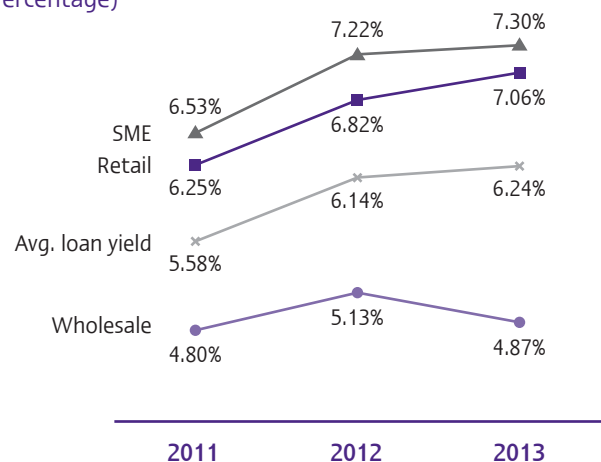
As a result of the market share gains in the Retail and SME segments, 64% of total loans are now in these segments as compared to 61% in 2012. Furthermore, within the Retail segment, the number of higher yield products such as home equity loans has also increased. These two factors have led to a 10bps increase in overall yield to 6.24% in 2013 from 6.14% in 2012 despite two policy rate cuts in 2013 (in May and November 2013).

Loan Breakdown (Percentage)



^{1/} Others includes mainly credit cards and unsecured consumer loans.

Yield on Loans by Segment (Percentage)



Yield on Selected Retail Products (%)

	2011	2012	2013
Mortgage	5.28%	6.04%	6.19%
Auto Loans	5.41%	5.65%	5.94%

1.2 Loans by sector/product

Unit : Baht Million

Loans by Sector (Consolidated)	Dec 31, 13	Dec 31, 12	(% yoy)
Agricultural and mining	20,137	12,889	56.2%
Manufacturing and commercial	604,367	519,896	16.2%
Real estate and construction	126,027	115,502	9.1%
Utilities and services	220,654	200,982	9.8%
Housing loans*	425,065	371,254	14.5%
Other loans	339,031	326,963	3.7%
Total loans	1,735,281	1,547,486	12.1%

* Classified by sector/product (excludes retail loans where customers use their home as collateral for general purpose borrowings). These loans are classified under "Other loans" in accordance with regulatory guidelines. Elsewhere in this report, all housing loans are aggregated under mortgage loans and the balance of these loans at the end of December 31, 2013 and December 31, 2012 and were Baht 485 billion and Baht 408 billion, respectively.

On a sectorial/product basis, loans to the manufacturing and commercial sectors continued to account for the largest portion of the loan portfolio followed by housing loans. In terms of absolute growth from end-2012, loans to the manufacturing and commercial grew by Baht 84.5 billion (+16.2%), housing loans grew by Baht 53.8 billion (+14.5%), while utilities and services sectors grew by Baht 19.7 billion (+9.8%).

2. Deposits

Unit : Baht Million

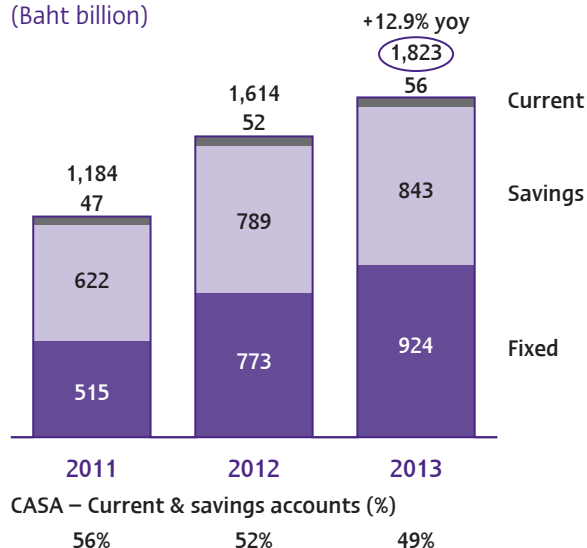
Deposits (Consolidated)	Dec 31, 13	Dec 31, 12	(% yoy)
Demand	55,627	51,730	7.5%
Savings	842,959	789,048	6.8%
Fixed	924,325	773,281	19.5%
- Less than 6 months	204,192	170,408	19.8%
- 6 months and up to 1 year	293,528	319,637	-8.2%
- Over 1 year	426,605	283,236	50.6%
Total deposits	1,822,911	1,614,059	12.9%
Bills of exchange (B/Es)	5,222	25,765	-79.7%
Total deposits + B/Es	1,828,133	1,639,824	11.5%
Gross loans to deposits ratio	95.2%	95.9%	
Gross loans to deposits and B/Es	94.9%	94.4%	

As at December 31, 2013, total deposits stood at Baht 1,823 billion, up 12.9% yoy from Baht 1,614 billion at the end of December 2012. The strong yoy growth in deposits was the result of the deposit campaigns launched over the period and the progressive shift of maturing bills of exchange (B/Es) to fixed term deposit products. As at December 31, 2013, deposits plus B/Es grew 11.5% yoy to Baht 1,828 billion.

Bills of exchange (B/Es), akin to uninsured deposits, were offered by the Bank through to end-2011 to attract a growing volume of both corporate and high net worth customers' short-term deposits. Following the new regulatory requirements effective from January 2012, banks were required to pay FIDF fees on B/Es and, essentially, this new levy negated the value proposition of B/Es. As a result, the Bank sharply curtailed the growth and/or renewal of B/Es, resulting in a 79.7% yoy decline in B/Es in 2013. Many of these B/Es have been channeled to the Bank's fixed term deposit products upon maturity. Fixed deposits, demand deposits and savings deposits increased (yoy) by 19.5%, 7.5% and 6.8% respectively.

In 2013, the Bank was successful in growing its funding base to match its loan growth through its strong retail franchise. The **loan-to-deposit** ratio on a consolidated basis stood at 95.2% as at December 31, 2013, a slight improvement from 95.9% in 2012. The

Deposits (Baht billion)



'loan-to-deposit and B/E' ratio of 94.9% was higher than 94.4% at end 2012, but is within the Bank's target loan-to-deposit (including B/Es) ratio range of 94-96%.

The Bank's policy on liquidity management is to source the required level of funding to match its loan growth at an acceptable cost. The Bank's Assets and Liabilities Management Committee formulates policies on liquidity management.

The regulations of Bank of Thailand on liquid assets, with which the Bank is in compliance, require commercial banks to maintain liquid assets equal to at least 6% of total deposits. The Bank currently maintains a daily liquidity ratio at 20% or higher – measured as total liquid assets (at a bank-only level) to total deposits and B/Es. If the ratio falls below 20%, immediate corrective action is considered. As at December 31, 2013, the liquidity ratio, on a bank-only basis, stood at 24.2% and thus the Bank is assured that it will possess ample liquidity to face unexpected shocks and challenges. The Bank's stock of non-cash liquid assets, at a bank-only level, consists almost entirely of Thai government bonds.

3. Investments

At the end of December 2013, the Bank's total net investments on a **consolidated basis** stood at Baht 505 billion, an increase of 10.0% yoy. Of this amount, 90% were investments in government and state-enterprise securities. The increase in the Bank's portfolio of government securities corresponded with the increase in total deposit volume as well as from the Bank's aim to maintain, at a bank-only level, a liquidity ratio (liquid assets/deposits+B/Es) of no less than 20%.

At a **bank-only level**, the total net investments stood at Baht 396 billion, an increase of 5.8% yoy. These investments are mainly in Thai government bonds and held primarily to provide the Bank with ample liquidity. In addition to the Bank, SCB Life Assurance Company held investments of Baht 121 billion at December 31, 2013, an increase of 21.1% yoy. A majority of these investments are also in Thai government bonds and acquired to match, to the extent possible, the maturity profile of its insurance product-related liabilities.

Unit : Baht Million			
Investment (Consolidated)	Dec 31, 13	Dec 31, 12	(% yoy)
Net investment	504,188	458,297	10.0%
- Trading securities	46,215	20,243	128.3%
- Available-for-sale securities	344,727	327,750	5.2%
- Held-to-maturity securities	112,959	109,550	3.1%
- General investments	287	754	-61.9%
Net investment in associated companies	685	647	5.9%
Total net investments	504,873	458,943	10.0%

4. Debt securities in issue and borrowings

Debt securities in issue and borrowings decreased by 28.3% yoy to Baht 95 billion at the end of December 2013. This was largely due to the substantial decline in the volume of B/Es (-79.7% yoy). Although B/Es were not rolled over, most of the holders of these instruments were successfully persuaded to migrate to deposit products of the Bank.

In 2012, the Bank issued Baht 20 billion in subordinated debt in 1Q12 and a further Baht 20 billion in 3Q12 to increase its Tier II capital ahead of the more stringent Basel III requirements for the issuance of qualifying sub-debt effective from 2013 onwards. This was partly offset by the early redemption in May 2013 of Baht 20 billion of subordinated debt issued in 2008 as this debt no longer qualified as Tier II capital under the Basel III framework. In addition, the Bank also tapped its global medium term notes program (USD 600 million in 1Q12 and USD 500 million in 3Q12) to fund the demand for foreign currency loans.

Unit : Baht Million			
Debt Securities in Issue and Borrowings (Consolidated)	Dec 31, 13	Dec 31, 12	(% yoy)
Short term debt securities in issue and borrowings	5,269	20,752	-74.6%
Long term debt securities in issue and borrowings	89,743	111,825	-19.7%
Total debt securities in issue and borrowings	95,012	132,577	-28.3%

5. Net goodwill and other intangible assets

Net goodwill and other intangible assets remain relatively unchanged yoy at Baht 11 billion at end December 2013.

6. Shareholders' equity

As at December 31, 2013, shareholders' equity stood at Baht 246 billion, a 15.2% yoy increase of Baht 32 billion from Baht 214 billion at the end of December 2012, mainly from the appropriations of net profit over the year. The net profit appropriated to the retained earnings was reduced by the dividend payment of Baht 11.9 billion (Baht 3.50 per share) in accordance with the resolution of the Annual General Meeting of Shareholders in April 2013 and an interim dividend payment of Baht 5.1 billion (Baht 1.50 per share) in accordance with the resolution of the Board of Directors meeting in August 2013.

Book value per share as of December 31, 2013 was Baht 72.45 (3,399 million ordinary and preferred shares at the end of December 2013), up 15.2% from Baht 62.89 at the end of 2012.

III. Off Balance Sheet: Contingent Liabilities

As at December 31, 2013, the Bank and its subsidiaries had combined contingencies of Baht 354 billion, up by Baht 36 billion (11.4% yoy) from Baht 318 billion at the end of December 2012. The changes in contingencies were mainly from other guarantees, letters of credit, undrawn bank overdraft facilities, receivables from investments and aval to bills as indicated in the table below.

Unit : Baht Million

Contingent Liabilities (Consolidated)	Dec 31, 13	Dec 31, 12	(% yoy)
Aval to bills	4,297	3,487	23.2%
Guarantees of loans	214	578	-63.0%
Liability under unmatured import bills	7,434	8,413	-11.6%
Letters of credit	26,898	16,502	63.0%
Other contingencies			
Receivables/payables from investments	11,400	6,482	75.9%
Other guarantees	173,787	159,907	8.7%
Amount of unused bank overdraft	129,813	122,089	6.3%
Others	39	95	-58.9%
Total contingent liabilities	353,882	317,553	11.4%

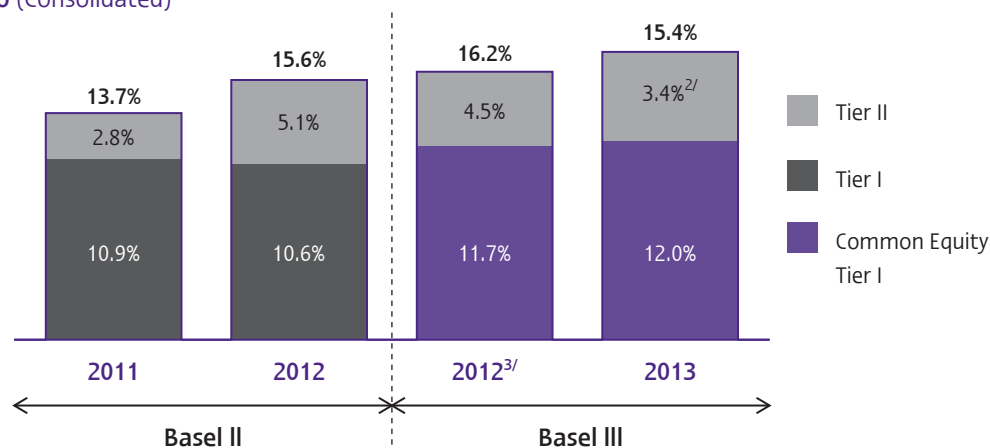
IV. Statutory Capital

The Bank has adopted Basel III on a consolidated basis since January 1, 2013. The impact from adopting Basel III is positive to the Bank's Common Equity Tier 1 (CET1) as the Bank is exempted from capital deductions for qualifying 'investment outside scope' of up to 10% of net CET1 under Basel III (in Basel II there was no such exemption). Furthermore, certain elements within other comprehensive income (OCI) such as revaluation gains on certain investments and properties have been reclassified from Tier 2 under Basel II to CET1 and will be counted as regulatory capital in accordance with the Basel III guidelines. (The current minimum regulatory capital requirement under Basel III comprises of CET1 ratio of not less than 4.5%, total Tier 1 ratio of not less than 6%, and total capital ratio of not less than 8.5%).

On a **consolidated basis** under Basel III, total capital funds (Tier 1 and Tier 2) stood at 15.41% of total risk-weighted assets, comprising CET1 capital of 12.01% and Tier-2 capital of 3.40%. On a **bank-only basis**, total capital funds at end of 2013 stood at 15.27% of total risk-weighted assets, of which CET1 was 11.84% and Tier-2 capital was 3.43%. Compared to end of 2012, Tier-2 capital declined mainly due to the redemption in May 2013, of Baht 20 billion subordinated debt issued in 2008. The aforementioned ratios do not take into account the 2H13 net profit. Should the 2H13 net profit be taken into consideration, the total capital ratio and CET1 capital ratio under Basel III on a consolidated basis would be 16.66% and 13.25% respectively and for the Bank it would be 16.53% and 13.10% respectively.

The Bank believes this strong capital position, together with its sound loan loss reserve coverage are sufficient to withstand the impact of potential shocks which may arise if the Thai economic growth is hampered by unexpected events. This solid capital position also provides the Bank with flexibility to grow its business in a timely manner as and when more growth opportunities arise in the future. The Bank expects to maintain its aggregate capital adequacy ratio well in excess of the regulatory minimum throughout 2014

Capital Adequacy Ratio (Consolidated)^{1/}



Bank-Only

CAR	14.5%	16.5%	16.1%	15.3%
CET1/Tier I	11.2%	10.9%	11.5%	11.9%

^{1/} Previous quarterly presentations reported data on bank-only basis but from Jan 1, 2013, the Bank adopted Basel III consolidated basis as the norm. Hence, the comparatives are now presented on a consolidated basis.

^{2/} The Bank redeemed non-compliant Basel III Tier 2 subordinated debenture amounting to Bt 20bn in May 2013.

^{3/} The 2012 CAR ratio under Basel III is provided for comparison purposes only as the Bank was using Basel II in 2012.

Statutory Capital (Consolidated)		Dec 31, 13 (Basel III)	Dec 31, 12 (Basel II)
Common Equity Tier-1 / Tier1*	Bt, million	208,719	159,195
	% of RWA	12.01%	10.55%
Tier-2 capital	Bt, million	59,135	76,414
	% of RWA	3.40%	5.06%
Total capital	Bt, million	267,854	235,609
	% of RWA	15.41%	15.61%
Risk-weighted assets	Bt, million	1,738,165	1,509,572
Statutory Capital (Bank only)		Dec 31, 13 (Basel III)	Dec 31, 12 (Basel II)
Common Equity Tier-1 / Tier1*	Bt, million	203,369	165,038
	% of RWA	11.84%	10.85%
Tier-2 capital	Bt, million	58,955	85,515
	% of RWA	3.43%	5.62%
Total capital	Bt, million	262,324	250,553
	% of RWA	15.27%	16.47%
Risk-weighted assets	Bt, million	1,717,592	1,521,035

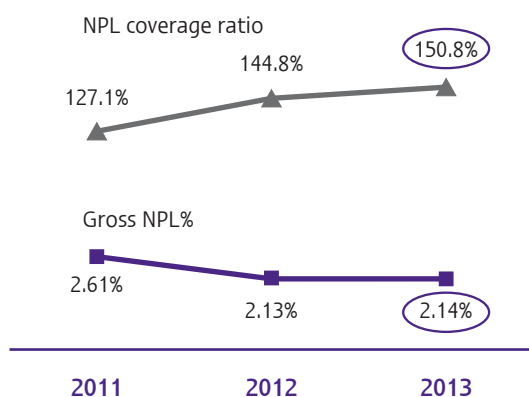
* CET1 under Basel III framework was adopted in Thailand from January 1, 2013

V. Non Performing Assets

Gross NPLs on a **consolidated basis** were stable at 2.14% of total loans (Baht 40.0 billion) at the end of 2013, compared to 2.13% of total loans (Baht 35.9 billion) at the end of 2012. Net NPLs rose slightly to 1.06% (Baht 19.5 billion) at the end of 2013 from 1.02% (Baht 17.0 billion) at the end of 2012.

Gross NPL Ratio & NPL Coverage Ratio

(Percentage)

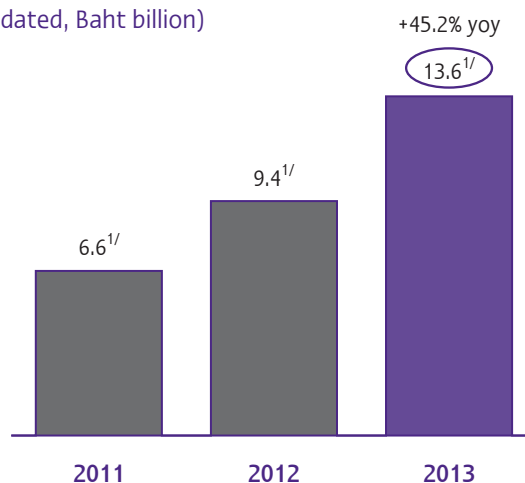


NPLs by Segment and by Product

	2011	2012	2013
Wholesale	2.3%	2.0%	1.6%
SME	5.7%	4.0%	3.6%
Retail	1.9%	1.9%	2.3%
Mortgage	2.0%	2.0%	2.4%
Auto loans	2.5%	2.1%	2.4%

Provisions

(Consolidated, Baht billion)



^{1/} Includes additional provisions of Baht 3.3 billion in 2011, Baht 4.0 billion in 2012, and Baht 3.1 billion in 2013 on a bank basis.

Credit Costs (bps)	56	66	83
--------------------	----	----	----

As a result of significant additional prudent provision in 3Q13 and 4Q13, the total allowance for doubtful accounts as of December 31, 2013 stood at Baht 60.3 billion, an increase of Baht 8.4 billion from Baht 52.0 billion at the end of 2012. Further, the coverage ratio (total allowance to non-performing loans) of 150.8% was an increase from 144.8% from end-2012.

Gross NPLs on a **bank-only basis** rose to 2.06% (Baht 38.2 billion) at the end of 2013 from 2.01% (Baht 33.6 billion) at the end of 2012. Net NPLs rose to 1.04% (Baht 19.0 billion) at the end of 2013 from 0.99% (Baht 16.4 billion) at the end of 2012.

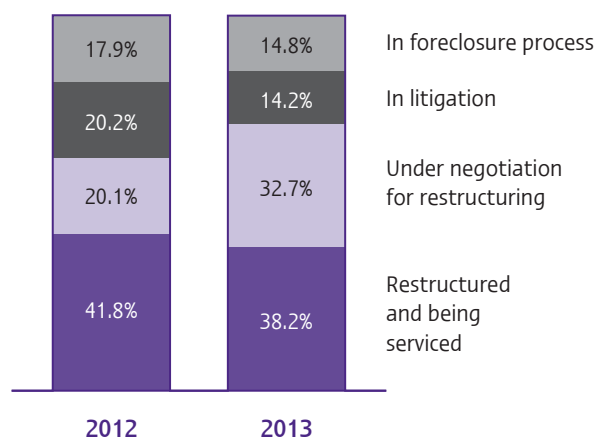
Special mention loans stood at Baht 33.6 billion at end of 2013, an increase of Baht 8.3 billion from end of 2012. The increase arises mainly because of the Bank's shift to higher yield/higher risk retail products (auto and home equity loans) and, to a lesser extent, the impact of the deteriorating economic climate on borrower repayment capabilities.

Classified Loans and Allowance for Doubtful Accounts (Consolidated)	Dec 31, 13		Dec 31, 12	
	Loan and accrued interest	Allowance for classified loans	Loan and accrued interest	Allowance for classified loans
Normal	1,665,762	16,311	1,489,739	14,284
Special mention	33,588	1,833	25,278	1,211
Substandard	12,035	5,872	9,878	4,099
Doubtful	7,204	2,232	4,463	1,541
Doubtful loss	20,824	12,686	21,591	13,359
Total	1,739,413	38,934	1,550,949	34,494
Allowance established in excess of BOT regulations		21,008		17,016
Total allowance		59,942		51,510

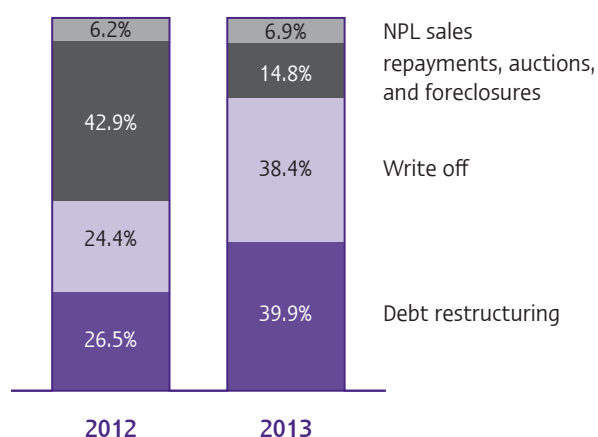
As shown in the chart below, at the end of 2013, NPLs that were restructured and being serviced accounted for the largest proportion of the total NPLs, followed by NPLs under negotiation for restructuring, NPLs in the foreclosure process, and NPLs under litigation. In 2013, the Bank reduced its NPLs mainly through debt restructuring, write-offs, repayments, auctions and foreclosures, followed by NPL sales.

In 4Q13, new NPL formation rose to 0.40%, from 0.35% in 3Q13 and the 0.39% recorded in 4Q12. The yoy increase in new NPL formation in 4Q13 was partly due to the proactive 'qualitative' reclassification of certain customers, the gradual increase in NPLs relating to the higher yielding loans where the risk/return dynamics are different to the Bank's traditional products (for example certain types of SME and home equity loans) and the impact of the deteriorating economic climate.

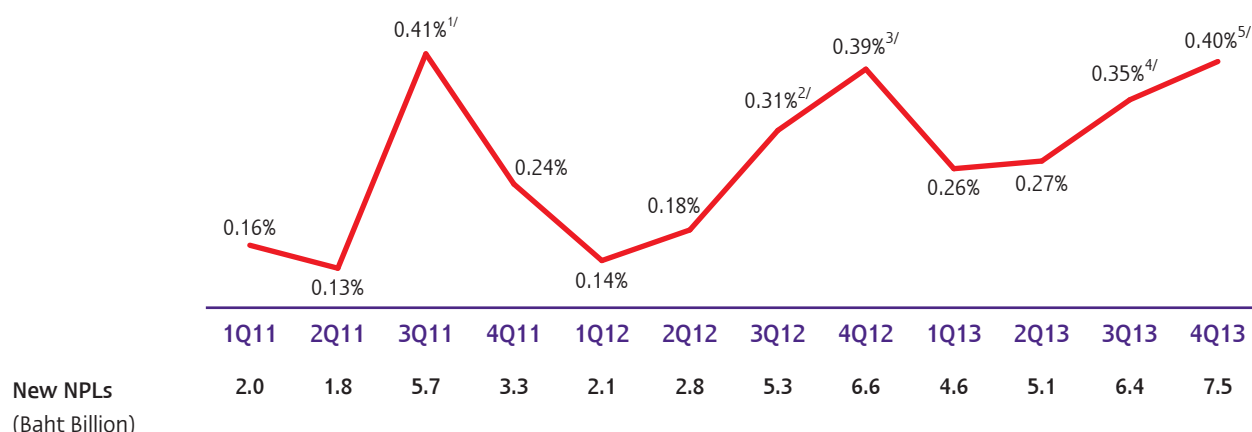
NPL Breakdown by Status (Bank only)



NPL Reduction Methodology



New NPLs Formation



^{1/} The increase is attributed to the delinquency of a single borrower which had previously been classed as a special mention loan and had been fully provided for in anticipation of the default.

^{2/} The increase is attributed to the qualitative reclassification of a few commercial accounts.

^{3/} The increase is attributed to the qualitative reclassification of certain housing loan and auto loan customers.

^{4/} The increase is from a few wholesale banking and SME accounts as a result of customer-specific issues.

^{5/} The increase arises mainly because of the increase in the Bank's booking of higher yield/higher risk products (SME and home equity loans) and the impact of the deteriorating economic climate.

Troubled Debt Restructuring

The Bank uses various methods for debt restructuring, including transfers of assets and equity securities, changes in repayment conditions, and combinations thereof.

As of December 31, 2013, the Bank and its financial subsidiaries have outstanding restructured loans amounting to Baht 37.1 billion both in the consolidated and Bank-only financial statements, a Baht 4.4 billion increase from Baht 32.7 billion at the end of 2012. Some of these restructured loans are NPLs and are already included in the NPL levels, as noted in the table below.

		Unit : Baht Million	
Restructured Loans (Consolidated)		Dec 31, 13	Dec 31, 12
Loans to restructured debtors	Bt, million	37,105	32,734
- Restructured loans which are classified as NPL	Bt, million	9,947	7,846
- Restructured loans which are not classified as NPL	Bt, million	27,158	24,888

The Bank's foreclosed properties available for sale as at December 2013 stood at Baht 9.7 billion, a slight increase of Baht 0.2 billion (2.0% yoy) from Baht 9.5 billion at December 2012.

VI. Sources and Uses of Funds

As at December 31, 2013, deposits accounted for 71.9% of SCB's funding base. Including bills of exchange (or B/Es) which are akin to uninsured deposits, deposits and B/Es accounted for 72.1% of the funding base. Other major sources of funds were: 9.7% from shareholders' equity; 5.1% from liabilities under insurance contracts recorded by the Bank's insurance subsidiaries (SCB Life Assurance PCL and Siam Commercial Samaggi Insurance PCL); 4.7% from interbank borrowings; and 3.7% from the issuance of debt instruments (excluding B/Es). The funds were applied as follows on December 31, 2013: 68.5% was used for loans; 19.9% was applied to net investments in securities; 6.8% was lent in the interbank and money markets; and 1.4% was held in cash.

Credit Ratings

The Bank's credit ratings by Moody's Investors Service, Standard & Poor's and Fitch Ratings as of December 31, 2013 are shown below.

Credit Ratings of Siam Commercial Bank PCL		December 31, 2013
Moody's Investors Service		
Outlook		Stable
Bank Deposits – Foreign Currency (Long Term/Short Term)		Baa1/P-2
Bank Deposits – Domestic Currency (Long Term/Short Term)		A3/P-2
Bank Financial Strength Rating (BFSR)		C-
Senior Unsecured MTN		(P) A3
Subordinate MTN		(P) Baa3
Other Short Term		(P) P-2
Standard & Poor's		
Counterparty Credit Rating		BBB+/A-2
ASEAN Regional Scale Rating		axA+/axA-1
Outlook		Stable
Senior Unsecured		BBB+
Fitch Ratings		
Foreign Currency		
Long Term Issuer Default Rating		BBB+
Short Term Issuer Default Rating		F2
Outlook		Stable
Senior Unsecured		BBB+
Viability Rating		bbb+
National		
Long Term Rating		AA (tha)
Short Term Rating		F1+ (tha)
Outlook		Stable
Unsecured Subordinated Debenture		AA-(tha)

PILLAR III DISCLOSURE REPORT

(30 June 2013)

Introduction

Siam Commercial Bank PLC (SCB) and its Financial Group implemented the Basel II capital framework since December 2008 and June 2010 respectively. To further strengthen its measurement of, and practices for capital and liquidity management, on 1 January 2013 the Bank and its Financial Group implemented Basel III – the new global regulatory framework for assessing bank capital adequacy and liquidity. This new framework enhances the capital requirements for banks and introduces new regulatory requirements for liquidity and leverage. The scope of the Bank's implementation of Basel III is in accordance with the guidelines of the Basel Committee on Banking Supervision (BCBS) and the Bank of Thailand (BOT).

The Basel framework consists of three pillars, each of which aims to strengthen the stability of financial institutions.

- | | |
|-----------------|---|
| Pillar 1 | provides guidelines of minimum capital requirement for credit risk, market risk and operational risk. |
| Pillar 2 | outlines key principles regarding supervisory review process and other risks beyond Pillar I, with emphasis on the bank's Internal Capital Adequacy Assessment Process (ICAAP). |
| Pillar 3 | aims to encourage market discipline by requiring disclosure of key information on capital structure and adequacy, risk exposures and risk assessment and management. |

The Bank and its Financial Group have adopted the Standardized Approach for measuring credit risk, market risk and operational risk in order to compute its regulatory capital requirement. The Pillar III disclosure is provided based on both a 'bank only' and fully 'consolidated' basis. Under Pillar III, the BOT requires semi-annual disclosures of the composition of capital (including summary information on the terms and conditions of the main features of all capital instruments), capital position during the transitional period, and reconciliation of regulatory capital items. The BOT requires the Pillar III disclosure to be reported on 30 June and 31 December and to be made available to market participants within four months of this date. The Bank releases the report under the Investor Relations section of the Bank's website at <http://www.scb.co.th/en/about-scb/investorrelation/financial-information/pillar> and, in addition, by filing at the Stock Exchange of Thailand on the date of disclosure. The half-yearly disclosure, as at 30 June 2013, discloses quantitative information on the Bank's capital structure and its adequacy, including the composition of risk-weighted assets. The year-end report provides both qualitative and quantitative disclosures.

This disclosure is not required to be audited by external auditors. It was, however, verified and approved internally in accordance with the Bank's Pillar III disclosure policy. Further it is consistent with information used internally by management and with the reports provided to BOT.

Note

^{1/} The structure of the Consolidated Supervision Group can be divided into two levels:

- 1) Full consolidation (hereafter referred to as 'Consolidated' basis) which includes parent company and all subsidiaries categorized as Solo and Non-solo consolidated subsidiaries; and
- 2) Solo consolidation which includes the Bank and its subsidiaries categorized under the solo consolidation group.
 - Solo consolidated subsidiaries mean any of the Bank's subsidiaries whose business operations involve loans or loan-related transactions and whose shares are directly held by the Bank in a ratio of not less than 75% of issued and paid-up shares.
 - Non-solo consolidated subsidiaries mean any of the Bank's subsidiaries whose business operations involve finance or supporting businesses and whose shares are held by the Bank in a ratio of not less than 50% of issued and paid-up shares with Bank management control over the subsidiary's business. It is assumed that the Bank has management control over a subsidiary's business if its shares are held by the Bank in a ratio of not less than 20% of the issued and paid-up shares, unless stated otherwise.

Capital Management

Capital is a crucial resource in the banking business. In compliance with the supervisory review guidelines under Pillar II, SCB and its Financial Group have adopted the Internal Capital Adequacy Assessment Process (ICAAP) to assess significant risks, capital adequacy and support for the Financial Group business under both normal and stressed situations. The main objective of capital management is to ensure that the Bank's capital:

- Provides a cushion for unexpected losses arising from the risks it underwrites; this cushion will stand in excess of the regulatory requirements at all times.
- Is sufficient to support the risk profile of SCB and its Financial Group and its on-going growth as well as withstand risks that may arise from economic recession or other adverse situations.

Capital Structure and Adequacy

Under Basel III regulatory capital is categorized as one of 3 types; (i) Common Equity Tier 1 (CET1), (ii) Additional Tier 1 and (iii) Tier 2 capital. CET1 capital, principally consisting of common shares and retained earnings, is the strongest and predominant form of capital that helps support financial commitments without any restriction. Details of CET1 capital, Additional Tier 1 and Tier 2 capital are as follows:

CET1 capital represents the highest quality component of capital, which includes:

- Fully paid-up common shares
- Premium on common shares
- Legal reserves
- Appropriated retained earnings
- Other comprehensive income, i.e., revaluation surplus on premises and revaluation surplus on AFS investment
- Other regulatory adjustment items i.e., goodwill and intangible assets (e.g., software licenses)

Note: Minimum regulatory requirement of CET1 capital for 2013 is 4.5% of total risk-weighted assets.

Additional Tier 1 capital composes of:

- Fully paid-up non-cumulative preferred shares
- Perpetual subordinated debt instruments*
- Premium on the above mentioned preferred shares

Note: Minimum regulatory requirement of Tier 1 capital for 2013 is 6.0% of total risk-weighted assets.

* Under Basel III, subordinated debts are required to have features that provide no incentive to redeem and incorporate loss absorption features. If not qualified, the instruments will be phased out at 10% p.a. starting from 1 January 2013 onwards.

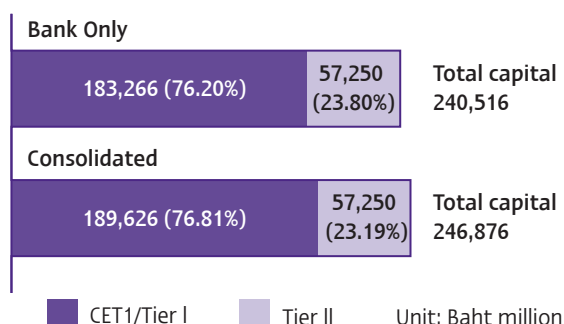
Tier 2 consists of less-permanent capital, which includes:

- Long-term financial instruments that qualified as Tier 2 capital*
- General provision (eligibility limited to 1.25% of credit risk-weight assets)

Note: Minimum regulatory requirement of total capital for 2013 is 8.5% of total risk-weighted assets.

* Under Basel III, subordinated debts are required to have features that provide no incentive to redeem and incorporate loss absorption features. If not qualified, the instruments will be phased out at 10% p.a. starting from 1 January 2013 onwards.

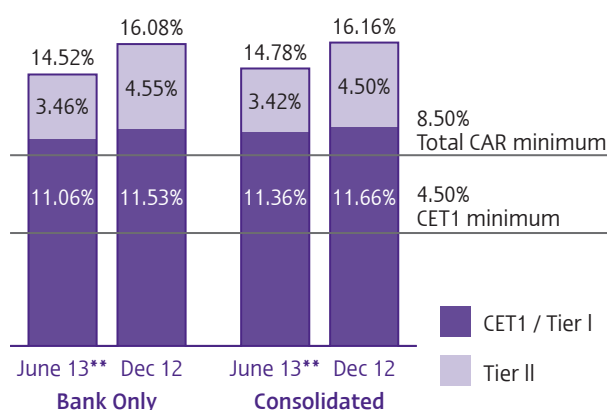
Figure 1: Capital Structure as at 30 June 2013



Solid Capital Base Maintained

The major component of SCB's capital is Common Equity Tier 1 (CET1) which accounts for approximately 76% of total capital. CET1 capital is considered the highest quality of capital and has grown significantly and continuously in the past decade on the strength of the Bank's retained earnings. This capital underscores the soundness of the Bank's capital position and provides it with the ability to absorb losses in event of an economic downturn.

Figure 2: Capital Adequacy Ratio and CET1 / Tier I Ratio (Standardized Approach)

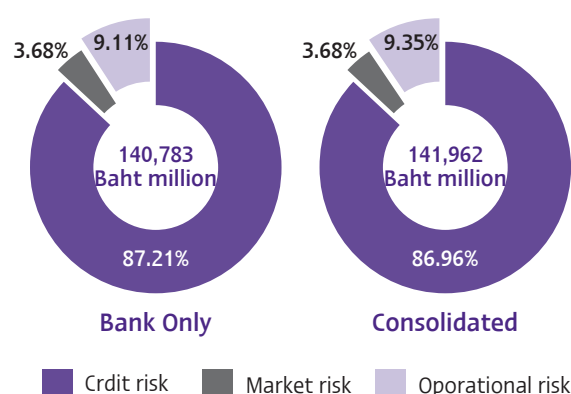


** In accordance with the BOT regulations, the ratios at June 2013 do not include retained earnings for 1H13. If these earnings were included, the capital at June 2013 would be 12.38%, 3.46%, 15.84% for CET1/Tier I, Tier II, and CAR respectively on a Bank only basis and 12.66%, 3.43%, 16.09% on a Consolidated basis.

Capital adequacy ratio well above regulatory minimum requirements

SCB's capital adequacy ratio and CET1 ratio are strong and well beyond BOT's minimum requirements for both Bank only and Consolidated basis.

Figure 3: Minimum Capital Requirements for Credit Risk, Market Risk, Operational Risk



Minimum capital requirements

At the end of June 2013, SCB and its Consolidated minimum capital requirements amounted to Baht 140,783 million and Baht 141,962 million respectively, are higher than the end of year 2012 by 8.43% and 8.06% respectively as a result of business growth in the first half of 2013. Credit risk remains the primary risk for SCB at 87.21% and 86.96% on a Bank only and Consolidated basis respectively.

Table 1: Comprehensive Regulatory Capital and Capital Adequacy

Unit: Baht million				
	Bank Only		Consolidated	
	30 Jun 13	31 Dec 12	30 Jun 13	30 Jun 13
Tier 1 Capital	183,266	176,136	189,626	180,142
Tier 1 Common Equity Tier 1	183,266	176,136	189,626	180,142
Paid-up capital - common shares	33,992	33,992	33,992	33,992
Surplus (deficit) net worth	11,124	11,124	11,124	11,124
Legal reserve	7,000	7,000	7,000	7,000
Net profit after appropriation	118,987	112,930	124,467	116,925
Other comprehensive Income	17,246	16,173	18,160	16,184
Others	-	-	-	-
Adjustments from CET 1 on owner's equity	-	-	-	-
Deduction from CET 1 on owner's equity	(5,083)	(5,083)	(5,117)	(5,083)
Additional Tier 1	-	-	-	-
Tier 2 Capital	57,250	69,568	57,250	69,568
Proceeds from issuing subordinated debt securities	40,000	54,000	40,000	54,000
General provision	17,250	15,568	17,250	15,568
Total regulatory capital	240,516	245,704	246,876	249,710
Risk-weighted assets				
Credit risk	1,444,433	1,344,024	1,452,420	1,356,625
Market risk	60,991	47,245	61,486	47,418
Operational risk	150,852	136,298	156,230	141,545
Total risk-weighted assets	1,656,276	1,527,568	1,670,136	1,545,588
Total risk-weighted capital ratio (%)	14.52%	16.08%	14.78%	16.16%
CET1 / Tier 1 risk-weighted capital ratio (%)	11.06%	11.53%	11.35%	11.66%
Minimum regulatory capital adequacy ratio (%)	8.50%	8.50%	8.50%	8.50%
Minimum Tier 1 risk-weighted capital ratio (%)	6.00%	6.00%	6.00%	6.00%
Minimum CET1 risk-weighted capital ratio (%)	4.50%	4.50%	4.50%	4.50%

In accordance with the BOT regulations, the ratios at June 2013 do not include retained earnings for 1H13. If these earnings were included, the capital at June 2013 would be 12.38%, 3.46%, 15.84% for CET1/Tier I, Tier II, and CAR respectively on a Bank only basis and 12.66%, 3.43%, 16.09% on a Consolidated basis.

Table 2: Minimum Capital Requirement by Risk Type

Unit: Baht million

	Bank Only		Consolidated	
	30 Jun 13	31 Dec 12	30 Jun 13	31 Dec 12
Credit risk – Standardized Approach				
Performing				
Governments, central banks, MDBs ^{1/} and PSE ^{2/} treated as sovereign	46	52	236	317
Banks and PSEs ^{2/} treated as bank	1,646	1,399	1,656	1,411
Corporates ^{3/} and PSEs ^{2/} treated as corporates	70,714	65,495	70,792	65,537
Retail	28,523	25,696	28,566	25,784
Retail mortgage loans	11,999	10,945	11,999	10,945
Other assets ^{4/}	8,420	9,253	8,725	9,864
Non-performing	1,430	1,402	1,481	1,456
First-to-default credit derivatives and securitization	-	-	-	-
Total minimum capital requirements for credit risk	122,777	114,242	123,456	115,313
Market risk – Standardized Approach				
Interest rate risk	4,230	3,172	4,230	3,172
Equity position risk	75	74	115	87
Foreign exchange risk	879	770	881	772
Commodity risk	-	-	-	-
Total minimum capital requirements for market risk	5,184	4,016	5,226	4,031
Operational risk – Standardized Approach				
Operational risk – Standardized Approach	12,822	11,585	13,280	12,031
Total minimum capital requirements for operational risk	12,822	11,585	13,280	12,031
Total minimum capital requirements	140,783	129,843	141,962	131,375

^{1/} Multilateral development banks^{2/} Public sector entities^{3/} Including claims on individuals and their related parties that aggregate limits exceed conditions of claims on retail.^{4/} Other assets under Basel III include investment outside scope of consolidation which carries a 250% risk-weight.

Note: For disclosure on main features of regulatory capital instruments; reconciliation of capital from financial statement under regulatory scope of consolidation; and capital position during a transition period, please refer to the full Pillar III Disclosure Report as of 30 June 2013.

COMPARATIVE KEY FINANCIAL STATISTICS

Financial Status (Consolidated Basis)

As of December 31,

Unit: Billion Baht

	2013	2012 ^{1/}	2011	2010	2009
Total assets	2,534.2	2,270.1	1,848.4	1,443.3	1,294.0
- Loans	1,735.3	1,547.5	1,292.7	1,058.6	940.2
- Less allowance for doubtful accounts	-60.3	-52.0	-46.0	-41.6	-42.9
- Net loans	1,675.0	1,495.5	1,246.7	1,017.0	897.3
- Investment-net	504.9	458.9	322.4	149.9	165.4
- Properties foreclosed	9.6	9.5	11.8	12.7	13.0
Total liabilities	2,286.2	2,054.7	1,661.2	1,288.2	1,153.1
- Deposits	1,822.9	1,614.1	1,184.4	1,092.1	955.9
- Borrowings	95.0	132.6	255.8	62.6	57.2
Total shareholders' equity	248.0	215.3	187.2	155.1	140.9

Financial Results (Consolidated Basis)

For the year ended December 31,

Unit: Billion Baht

	2013	2012 ^{1/}	2011	2010	2009
Interest income	120.7	103.4	77.9	52.7	53.9
Less interest expenses	47.7	41.3	27.4	12.9	16.4
Net interest income	73.0	62.1	50.5	39.8	37.5
Non-interest income	50.5	40.9	40.5	29.4	24.0
Total income	123.5	103.0	91.0	69.1	61.5
Less non-interest expense	47.3	42.4	36.9	30.5	28.0
Income (loss) before impairment loss of loans and debt securities	76.2	60.6	54.2	38.6	33.5
Less impairment loss of loans and debt securities	13.6	9.4	6.6	4.7	5.6
Income tax and non-controlling interest	12.3	12.0	11.2	9.7	7.2
Net profit (loss) (attributable to shareholders of the Bank)	50.2	39.2	36.3	24.2	20.8

^{1/} Restated following the adoption of deferred tax accounting in 2013

Key Financial Ratios (Consolidated Basis)

Unit: Percent

	2013	2012 ^{1/}	2011	2010	2009
Profitability ratio					
Return on assets (ROA)	2.1	1.9	2.2	1.8	1.6
Return on equity (ROE)	21.8	19.7	21.3	16.4	15.5
Net interest margin (NIM)	3.2	3.2	3.3	3.1	3.2
Non interest income to total income	40.9	39.7	41.2 ^{2/}	42.5	38.9
Efficiency ratio					
Cost income ratio	38.3	41.2	40.5	44.2	45.6
Cost to assets	2.0	2.1	2.2	2.2	2.2
Financial ratio					
Equity to assets	9.7	9.4	10.1	10.7	10.8
Loans to deposits	95.2	95.9	109.1	96.9	98.4
Capital adequacy ratio					
Total capital to risk assets ^{3/}	15.3	16.5	14.5	15.5	16.5
Tier 1 capital to risk assets ^{3/}	11.8	10.9	11.2	11.6	12.3
Tier 2 capital to risk assets ^{3/}	3.4	5.6	3.4	3.9	4.2
Asset quality ratio					
Non-performing loans to total loans	2.1	2.1	2.6	3.3	4.4
Total allowance to non-performing loans	150.8	144.8	127.1	107.5	95.4
Total allowance to total loans	3.5	3.4	3.6	3.9	4.6
Accrued interest to total loans	0.2	0.2	0.2	0.2	0.2

Share Information^{4/}

	2013	2012 ^{1/}	2011	2010	2009
Earnings per share - EPS (Baht)	14.78	11.54	10.67	7.12	6.11
Book value per share (Baht)	72.45	62.89	54.68	45.40	41.23
Dividend per share ^{5/} (Baht)	5.25	4.50	3.50	3.00	2.50
Market capitalization (Billion Baht)	487.8	616.9	396.0	351.8	294.9
Number of shares (Million)	3,399	3,399	3,399	3,399	3,399

^{1/} Restated following the adoption of deferred tax accounting in 2013

^{2/} Excluding one-time investment revaluation gain on the acquisition of additional shares in SCB Life in 1Q11

^{3/} Bank only

^{4/} The Bank's share includes ordinary shares and preferred shares.

^{5/} Dividend per share in 2013 as proposed to the Annual General Meeting of Shareholders in April 2014. (Interim dividend Baht 1.5 per share)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of The Siam Commercial Bank Public Company Limited

I have audited the accompanying consolidated and the Bank's financial statements of The Siam Commercial Bank Public Company Limited and its subsidiaries (the "Group"), and of The Siam Commercial Bank Public Company Limited (the "Bank"), respectively, which comprise the consolidated and the Bank's statements of financial position as at 31 December 2013, the consolidated and the Bank's statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated and the Bank's Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated and the Bank's financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated and the Bank's financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated and the Bank's financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and the Bank's financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the consolidated and the Bank's financial statements present fairly, in all material respects, the financial position of the Group and the Bank, respectively, as at 31 December 2013 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Emphasis of Matter

Without qualifying my opinion, I draw attention to note 3 to the financial statements describing the effect of the Group's adoption from 1 January 2013 of certain new accounting policies. The corresponding figures presented are based on the audited financial statements as at and for the year ended 31 December 2012 after making the adjustments described in note 3.



(Supot Singhasaneh)
Certified Public Accountant
Registration No. 2826

KPMG Phoomchai Audit Ltd.
Bangkok
25 February 2014

FINANCIAL STATEMENTS AND NOTES

STATEMENT OF FINANCIAL POSITION

THE SIAM COMMERCIAL BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Assets	Note	Consolidated		The Bank	
		31 December		31 December	
		2013	2012	2013	2012
			(Restated) *		(Restated) *
		(in thousand Baht)			
Cash		35,755,178	31,322,453	35,583,930	31,218,439
Interbank and money market items, net	8	171,521,721	162,754,864	154,891,396	149,540,753
Claims on security	4.11	3,088,940	-	3,088,940	-
Derivative assets	9	46,227,997	28,759,539	46,314,959	28,781,792
Investments, net	10	504,187,762	458,296,782	368,168,331	346,600,314
Investments in subsidiaries and associate, net	11	684,835	646,652	27,884,349	27,902,519
Loans to customers and accrued interest receivables, net	12				
Loans to customers		1,758,963,941	1,568,784,504	1,751,633,622	1,561,795,974
Accrued interest receivables		4,132,477	3,463,427	3,926,947	3,308,810
Total loans to customers and accrued interest receivables		1,763,096,418	1,572,247,931	1,755,560,569	1,565,104,784
Less deferred revenue		(23,683,011)	(21,298,794)	(23,637,529)	(21,153,819)
Less allowance for doubtful accounts	12.9	(59,942,281)	(51,510,103)	(58,603,900)	(49,739,941)
Less revaluation allowance for debt restructuring	13	(374,330)	(445,628)	(374,330)	(445,628)
Total loans to customers and accrued interest receivables, net		1,679,096,796	1,498,993,406	1,672,944,810	1,493,765,396
Customers' liabilities under acceptances		119,241	192,219	119,241	192,219
Properties for sale, net	15	9,649,522	9,455,896	9,635,528	9,437,572
Premises and equipment, net	16	35,374,687	35,392,512	33,674,416	33,955,214
Goodwill and other intangible assets, net	17	11,453,899	11,420,142	1,415,127	1,479,453
Reinsurance receivables and assets		919,670	3,770,019	-	-
Assets pending transfer	18	4,708,520	12,660,556	4,708,520	12,660,556
Deferred tax assets	3, 42	561,564	471,020	11,336	8,150
Other assets, net	19	30,855,462	15,930,813	25,167,003	9,773,136
Total assets		2,534,205,794	2,270,066,873	2,383,607,886	2,145,315,513

The accompanying notes are an integral part of these financial statements.

* Refer to note 3

STATEMENT OF FINANCIAL POSITION

THE SIAM COMMERCIAL BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Liabilities and equity	Note	Consolidated		The Bank	
		31 December		31 December	
		2013	2012	2013	2012
			(Restated) *		(Restated) *
		(in thousand Baht)			
Liabilities					
Deposits	20	1,822,910,994	1,614,059,199	1,820,728,311	1,614,588,618
Interbank and money market items	21	119,126,611	107,063,207	123,991,527	111,907,302
Liabilities payable on demand		8,406,273	9,602,881	8,367,373	9,562,679
Liabilities to deliver security	4, 11	3,088,940	-	3,088,940	-
Derivative liabilities	9	46,826,492	24,972,679	46,822,966	24,979,741
Debt issued and borrowings	22	95,011,869	132,576,966	94,965,876	132,487,594
Bank's liabilities under acceptances		119,241	192,219	119,241	192,219
Provisions	23	6,704,276	6,154,980	6,361,771	5,844,837
Liabilities under insurance contracts	24	129,203,893	107,302,084	-	-
Liabilities pending transfer	25	13,094,312	13,442,623	12,974,727	13,722,933
Deferred tax liabilities	3, 42	3,058,719	3,996,214	2,916,313	3,609,474
Other liabilities	26	38,614,099	35,361,331	30,109,010	26,377,283
Total liabilities		2,286,165,719	2,054,724,383	2,150,446,055	1,943,272,680

The accompanying notes are an integral part of these financial statements.

* Refer to note 3

STATEMENT OF FINANCIAL POSITION

THE SIAM COMMERCIAL BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Liabilities and equity	Note	Consolidated		The Bank	
		31 December		31 December	
		2013	2012	2013	2012
			(Restated) *		(Restated) *
		(in thousand Baht)			
Equity					
Share capital					
Authorised share capital					
3,584,508,358 preference shares of Baht 10 each		35,845,084	35,849,680	35,845,084	35,849,680
3,415,491,642 ordinary shares of Baht 10 each		34,154,916	34,150,320	34,154,916	34,150,320
Issued and paid-up share capital					
5,181,685 preference shares of Baht 10 each		51,817	54,558	51,817	54,558
3,394,010,513 ordinary shares of Baht 10 each		33,940,105	33,937,364	33,940,105	33,937,364
Premium on share capital					
Premium on preference shares		20,263	21,335	20,263	21,335
Premium on ordinary shares		11,103,928	11,102,856	11,103,928	11,102,856
Other reserves	27	18,586,678	19,639,340	18,472,303	18,277,926
Retained earnings					
Appropriated					
Legal reserve	27	7,000,000	7,000,000	7,000,000	7,000,000
Unappropriated		175,569,326	142,033,737	162,573,415	131,648,794
Total shareholders' equity		246,272,117	213,789,190	233,161,831	202,042,833
Non-controlling interests		1,767,958	1,553,300	-	-
Total equity		248,040,075	215,342,490	233,161,831	202,042,833
Total liabilities and equity		2,534,205,794	2,270,066,873	2,383,607,886	2,145,315,513



(Mrs. Kannikar Chalitaporn)
President



(Dr. Vichit Suraphongchai)
Chairman of the Executive Committee

The accompanying notes are an integral part of these financial statements.

* Refer to note 3

STATEMENT OF COMPREHENSIVE INCOME

THE SIAM COMMERCIAL BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

		Consolidated		The Bank	
		For the year ended		For the year ended	
		31 December		31 December	
	Note	2013	2012	2013	2012
			(Restated) *		(Restated) *
		(in thousand Baht)			
Interest income	36	120,691,136	103,399,392	115,134,980	98,330,926
Interest expense	37	47,682,348	41,294,910	47,743,068	41,309,210
Net interest income		73,008,788	62,104,482	67,391,912	57,021,716
Fees and service income	38	29,574,330	24,826,040	34,546,482	29,946,610
Fees and service expense	38	5,098,273	4,369,820	4,623,774	4,060,174
Net fees and service income	38	24,476,057	20,456,220	29,922,708	25,886,436
Net trading income	39	9,079,223	7,511,370	8,762,625	7,496,359
Net gain on investments	40	2,276,601	1,292,525	1,398,657	195,090
Share of (loss) profit of associate		(7,169)	1,457	-	-
Dividend income		3,781,790	962,094	8,049,628	5,142,049
Net earned insurance premiums		49,061,214	44,471,860	-	-
Other operating income		726,649	1,338,117	254,565	764,188
Total operating income		162,403,153	138,138,125	115,780,095	96,505,838
Net insurance claims		38,871,499	35,153,266	-	-
Net operating income		123,531,654	102,984,859	115,780,095	96,505,838
Other operating expenses					
Staff costs		21,391,116	18,735,657	18,551,303	16,174,157
Directors' remuneration		97,387	105,145	89,570	94,847
Premises and equipment expenses		9,554,902	9,148,354	8,702,255	8,292,076
Taxes and duties		4,026,165	3,681,998	3,869,234	3,551,557
Others		12,247,290	10,730,417	13,199,990	11,144,867
Total operating expenses		47,316,860	42,401,571	44,412,352	39,257,504
Impairment loss on loans and debt securities	41	13,641,290	9,396,164	13,747,548	9,995,013
Profit before tax		62,573,504	51,187,124	57,620,195	47,253,321
Income tax expense	42	11,821,413	11,667,108	9,922,741	9,358,889
Net profit		50,752,091	39,520,016	47,697,454	37,894,432

The accompanying notes are an integral part of these financial statements.

* Refer to note 3

STATEMENT OF COMPREHENSIVE INCOME

THE SIAM COMMERCIAL BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

	Consolidated		The Bank	
	For the year ended		For the year ended	
	31 December		31 December	
Note	2013	2012	2013	2012
		(Restated) *		(Restated) *
	(in thousand Baht)			
Other comprehensive income				
Change in revaluation surplus	350,713	(3,865)	-	(3,865)
Gain (loss) on remeasuring available-for-sale investments	(1,464,863)	4,120,913	521,881	2,630,573
Foreign currency translation differences	116,726	(58,157)	-	-
Actuarial losses on defined benefit plans	-	(507,938)	-	(474,054)
Share of other comprehensive income of associate	(33,096)	(40,940)	-	-
Income tax on other comprehensive income	196,988	(779,558)	(104,376)	(438,915)
Total other comprehensive income, net of income tax	(833,532)	2,730,455	417,505	1,713,739
Total comprehensive income	49,918,559	42,250,471	48,114,959	39,608,171
Net profit attributable to				
Shareholders of the parent company	50,232,787	39,234,996	47,697,454	37,894,432
Non-controlling interests	519,304	285,020	-	-
Total comprehensive income attributable to				
Shareholders of the parent company	49,516,750	41,869,113	48,114,959	39,608,171
Non-controlling interests	401,809	381,358	-	-
Earnings per share of the parent company				
Basic earnings per share (in Baht)	43	14.78	11.54	14.03
		11.15		



(Mrs. Kannikar Chalitaporn)
President



(Dr. Vichit Suraphongchai)
Chairman of the Executive Committee

The accompanying notes are an integral part of these financial statements.

* Refer to note 3

STATEMENT OF CHANGES IN EQUITY

THE SIAM COMMERCIAL BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

	Note	Consolidated												
		Other reserves												
		Issued and paid-up share capital		Premium on share capital		Change in revaluation surplus	Gain on remeasuring available-for-sale investments		Total other reserves	Retained earnings		Non-controlling interests		
		Preference shares	Ordinary shares	Preference shares	Ordinary shares		Legal reserve	Unappropriated equity						
		(in thousand Baht)												
Year ended 31 December 2012														
Balance at 1 January 2012 - as reported		60,296	33,931,626	23,578	11,100,613	16,277,033	4,933,670	(289,538)	20,921,165	7,000,000	112,833,679	185,870,957	1,311,954	187,182,911
Impact of changes in accounting policies	3	-	-	-	-	(3,173,898)	(952,101)	-	(4,125,999)	-	2,083,164	(2,042,835)	(871)	(2,043,706)
Balance at 1 January 2012 - restated		60,296	33,931,626	23,578	11,100,613	13,103,135	3,981,569	(289,538)	16,795,166	7,000,000	114,916,843	183,828,122	1,311,083	185,139,205
Dividend paid	28	-	-	-	-	-	-	-	-	-	(11,897,173)	(11,897,173)	(115,026)	(12,012,199)
Conversion of preference shares to ordinary shares		(5,738)	5,738	(2,243)	2,243	-	-	-	-	-	-	-	-	-
Acquisition of non-controlling interests without a change in control		-	-	-	-	1,105	-	10,565	11,670	-	-	11,670	259,620	271,290
Disposal of non-controlling interests		-	-	-	-	-	-	-	-	-	-	-	(284,358)	(284,358)
Profit for the year		-	-	-	-	-	-	-	-	-	39,234,996	39,234,996	285,020	39,520,016
Other comprehensive income		-	-	-	-	(3,092)	3,156,236	(99,097)	3,054,047	-	(419,930)	2,634,117	96,338	2,730,455
Total comprehensive income for the year		-	-	-	-	(3,092)	3,156,236	(99,097)	3,054,047	-	38,815,066	41,869,113	381,358	42,250,471
Transfer to retained earnings		-	-	-	-	(221,543)	-	-	(221,543)	-	199,001	(22,542)	623	(21,919)
Balance at 31 December 2012		54,558	33,937,364	21,335	11,102,856	12,879,605	7,137,805	(378,070)	19,639,340	7,000,000	142,033,737	213,789,190	1,553,300	215,342,490

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

THE SIAM COMMERCIAL BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

	Note	Consolidated												
		Other reserves						Total shareholders' equity	Non-controlling interests	Total				
		Issued and paid-up share capital		Premium on share capital		Change in revaluation surplus	Gain (loss) on remeasuring available-for-sale investments				Total other reserves			
		Preference shares	Ordinary shares	Preference shares	Ordinary shares									
(in thousand Baht)														
Year ended 31 December 2013														
Balance at 31 December 2012 - as reported														
Impact of changes in accounting policies	3	54,558	33,937,364	21,335	11,102,856	15,996,954	8,935,543	(378,070)	24,554,427	7,000,000	140,930,675	217,601,215	1,554,171	219,155,386
		-	-	-	-	(3,117,348)	(1,797,739)	-	(4,915,087)	-	1,103,062	(3,812,025)	(871)	(3,812,896)
Balance at 1 January 2013		54,558	33,937,364	21,335	11,102,856	12,879,606	7,137,804	(378,070)	19,639,340	7,000,000	142,033,737	213,789,190	1,553,300	215,342,490
Dividend paid	28	-	-	-	-	-	-	-	-	-	(16,995,961)	(16,995,961)	(164,398)	(17,160,359)
Conversion of preference shares to ordinary shares		(2,741)	2,741	(1,072)	1,072	-	-	-	-	-	-	-	-	-
Deficit from the change in the ownership interest in subsidiaries		-	-	-	-	-	-	(38,041)	(38,041)	-	-	(38,041)	(22,574)	(60,615)
Profit for the year		-	-	-	-	-	-	-	-	-	50,232,787	50,232,787	519,304	50,752,091
Other comprehensive income		-	-	-	-	225,450	(1,020,888)	83,630	(711,808)	-	(4,229)	(716,037)	(117,495)	(833,532)
Total comprehensive income for the year		-	-	-	-	225,450	(1,020,888)	83,630	(711,808)	-	50,228,558	49,516,750	401,809	49,918,559
Transfer to retained earnings		-	-	-	-	(302,813)	-	-	(302,813)	-	302,992	179	(179)	-
Balance at 31 December 2013		51,817	33,940,105	20,263	11,103,928	12,802,243	6,116,916	(332,481)	18,586,678	7,000,000	175,569,326	246,272,117	1,767,958	248,040,075

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

THE SIAM COMMERCIAL BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

The Bank											
		Other reserves									
		Issued and paid-up share capital		Premium on share capital		Change in revaluation surplus	Gain on remeasuring available-for-sale investments	Total other reserves	Retained earnings		
		Preference shares	Ordinary shares	Preference shares	Ordinary shares				Legal reserve	Unappropriated	Total
Note											
(in thousand Baht)											
Year ended 31 December 2012											
Balance at 1 January 2012 - as reported											
		60,296	33,931,626	23,578	11,100,613	15,869,489	4,630,093	20,499,582	7,000,000	103,901,795	176,517,490
3	Impact of changes in accounting policies	-	-	-	-	(3,173,898)	(926,019)	(4,099,917)	-	1,914,262	(2,185,655)
	Balance at 1 January 2012 - restated	60,296	33,931,626	23,578	11,100,613	12,695,591	3,704,074	16,399,665	7,000,000	105,816,057	174,331,835
28	Dividend paid	-	-	-	-	-	-	-	-	(11,897,173)	(11,897,173)
	Conversion of preference shares to ordinary shares	(5,738)	5,738	(2,243)	2,243	-	-	-	-	-	-
	Profit for the year	-	-	-	-	-	-	-	-	37,894,432	37,894,432
	Other comprehensive income	-	-	-	-	(3,092)	2,104,459	2,101,367	-	(387,628)	1,713,739
	Total comprehensive income for the year	-	-	-	-	(3,092)	2,104,459	2,101,367	-	37,506,804	39,608,171
	Transfer to retained earnings	-	-	-	-	(223,106)	-	(223,106)	-	223,106	-
	Balance at 31 December 2012	54,558	33,937,364	21,335	11,102,856	12,469,393	5,808,533	18,277,926	7,000,000	131,648,794	202,042,833

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

THE SIAM COMMERCIAL BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

	Note	The Bank								Total	
		Other reserves									
		Issued and paid-up share capital		Premium on share capital		Change in revaluation surplus	Gain on remeasuring available-for-sale investments	Total other reserves	Retained earnings		
		Preference shares	Ordinary shares	Preference shares	Ordinary shares				Legal reserve		Unappropriated
		(in thousand Baht)									
Year ended 31 December 2013											
Balance at 31 December 2012 - as reported											
	3	54,558	33,937,364	21,335	11,102,856	15,586,741	7,260,666	22,847,407	7,000,000	130,688,787	205,652,307
		-	-	-	-	(3,117,348)	(1,452,133)	(4,569,481)	-	960,007	(3,609,474)
		54,558	33,937,364	21,335	11,102,856	12,469,393	5,808,533	18,277,926	7,000,000	131,648,794	202,042,833
Dividend paid	28	-	-	-	-	-	-	-	-	(16,995,961)	(16,995,961)
Conversion of preference shares to ordinary shares		(2,741)	2,741	(1,072)	1,072	-	-	-	-	-	-
Profit for the year		-	-	-	-	-	-	-	-	47,697,454	47,697,454
Other comprehensive income		-	-	-	-	-	417,505	417,505	-	-	417,505
Total comprehensive income for the year		-	-	-	-	-	417,505	417,505	-	47,697,454	48,114,959
Transfer to retained earnings		-	-	-	-	(223,128)	-	(223,128)	-	223,128	-
Balance at 31 December 2013		51,817	33,940,105	20,263	11,103,928	12,246,265	6,226,038	18,472,303	7,000,000	162,573,415	233,161,831

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

THE SIAM COMMERCIAL BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

	Consolidated		The Bank	
	For the year ended		For the year ended	
	31 December		31 December	
	2013	2012	2013	2012
		(Restated)		(Restated)
	(in thousand Baht)			
Cash flows from operating activities				
Profit before tax	62,573,504	51,187,124	57,620,195	47,253,321
<i>Adjustments for</i>				
Depreciation and amortisation	2,261,555	2,771,764	2,602,029	2,544,303
Impairment loss on loans and debt securities	14,744,534	11,629,690	14,791,575	10,852,758
Loss (reversal) on impairment of assets	19,308	(27,387)	-	(27,387)
Loss (reversal) on impairment of properties for sale	563,794	(39,510)	564,203	(38,305)
(Gain) loss on sales of premises and equipment	(8,377)	(2,099)	(6,103)	21,088
Net trading income	(9,079,223)	(7,511,370)	(8,762,625)	(7,496,359)
Net gain on investments	(2,276,601)	(1,292,525)	(1,398,657)	(195,090)
Share of loss (profit) of associate	7,169	(1,457)	-	-
	68,805,663	56,714,230	65,410,617	52,914,329
Net interest income	(73,008,788)	(62,104,482)	(67,391,912)	(57,021,716)
Dividend income	(3,781,790)	(962,094)	(8,049,628)	(5,142,049)
Proceeds from interest	119,042,376	104,074,385	113,425,861	99,043,870
Interest paid	(44,195,655)	(38,098,442)	(44,248,373)	(38,067,240)
Proceeds from dividend	3,778,116	973,759	8,049,313	5,142,049
Income tax paid	(10,945,828)	(10,867,670)	(8,713,660)	(8,929,662)
Income from operations before changes in operating assets and liabilities	59,694,094	49,729,686	58,482,218	47,939,581
<i>(Increase) decrease in operating assets</i>				
Interbank and money market items	(7,981,506)	(38,762,970)	(4,466,401)	(35,074,226)
Claims on securities	(3,088,940)	-	(3,088,940)	-
Derivative assets	(5,883,868)	6,052,310	(6,140,132)	6,050,288
Investment in securities for trading	(25,377,958)	(11,586,707)	(25,257,597)	(11,751,785)
Loans to customers	(204,719,201)	(264,400,118)	(203,399,450)	(277,197,408)
Properties for sale	8,920,007	7,353,673	8,418,808	6,898,579
Reinsurance receivables and assets	2,850,349	7,228,341	-	-
Other assets	(6,675,114)	(8,720,505)	(7,264,601)	(5,677,475)
<i>Increase (decrease) in operating liabilities</i>				
Deposits	208,851,795	429,671,397	206,139,693	435,130,419
Interbank and money market items	12,063,404	53,631,909	12,084,225	56,902,029
Liabilities payable on demand	(1,196,608)	2,697,862	(1,195,306)	2,664,741
Liabilities to deliver security	3,088,940	-	3,088,940	-
Derivative liabilities	21,853,813	(3,845,936)	21,843,225	(3,838,874)
Short-term debt issued and borrowings	(40,787,697)	(196,679,131)	(40,744,318)	(197,228,504)
Other liabilities	20,090,350	27,307,429	(2,045,986)	6,847,205
Net cash from operating activities	41,701,860	59,677,240	16,454,378	31,664,570

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

THE SIAM COMMERCIAL BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

	Consolidated		The Bank	
	For the year ended		For the year ended	
	31 December		31 December	
	2013	2012	2013	2012
		(Restated)		(Restated)
	(in thousand Baht)			
Cash flows from investing activities				
Purchases of available-for-sale securities	(393,826,567)	(414,779,318)	(375,075,415)	(376,440,680)
Proceeds from sales of available-for-sale securities	393,954,898	305,940,454	377,152,044	276,391,614
Purchases of held-to-maturity securities	(96,066,018)	(12,109,116)	(1,146,832)	(1,048,364)
Proceeds from redemption of held-to-maturity securities	77,099,680	41,111	5,686,003	9,122,904
Purchases of general securities	(1,688)	(108,341)	(1,688)	(45,180)
Proceeds from sales of general securities	567,935	53,985	567,935	20,375
Purchases of investments in subsidiaries and/or associate	(60,659)	-	(60,659)	(420,596)
Proceeds from sales of investments in subsidiaries and/or associate	-	767,907	-	135,735
Purchases of premises and equipment	(1,588,656)	(3,150,709)	(2,065,815)	(2,915,024)
Proceeds from sales of premises and equipment	263,190	322,516	259,665	133,590
Purchases of intangible assets	(567,617)	(657,177)	(408,164)	(645,266)
Net cash (used in) from investing activities	(20,225,502)	(123,678,688)	4,907,074	(95,710,892)
Cash flows from financing activities				
Proceeds from long-term debt issued and borrowings	-	73,693,000	-	73,693,000
Dividend paid to equity holders of the Bank	(16,995,961)	(11,897,173)	(16,995,961)	(11,897,173)
Dividend paid to non-controlling interests	(164,398)	(115,026)	-	-
Net cash (used in) from financing activities	(17,160,359)	61,680,801	(16,995,961)	61,795,827
Foreign currency translation differences	116,726	(58,157)	-	-
Net increase (decrease) in cash	4,432,725	(2,378,804)	4,365,491	(2,250,495)
Cash at 1 January	31,322,453	33,701,257	31,218,439	33,468,934
Cash at 31 December	35,755,178	31,322,453	35,583,930	31,218,439

Supplementary disclosures of cash flow information

Significant non-cash items were as follows:

Change in revaluation surplus *	225,450	(3,092)	-	(3,092)
Gain (loss) on remeasuring available-for-sale investments *	(1,020,888)	3,156,236	417,505	2,104,459
Foreign currency translation differences	116,726	(58,157)	-	-
Share of other comprehensive income of associate	(33,096)	(40,940)	-	-
Properties for sale from loan payment	9,677,427	5,005,009	9,180,968	4,724,762

* Net of deferred tax

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

THE SIAM COMMERCIAL BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from and are consistent with the Thai language statutory financial statements, and both the English and Thai language financial statements were approved and authorised for issue by the Board of Directors on 25 February 2014.

1. General information

The Siam Commercial Bank Public Company Limited, "the Bank", is incorporated in Thailand and has its registered office at 9 Rutchadapisek Road, Jatujak, Bangkok.

The Bank was established by Royal Charter on 30 January 1906 and was listed on the Stock Exchange of Thailand on 6 February 1976.

The principal business of the Bank is the provision of financial products and services through its branch network in Thailand and other countries as well as its subsidiary in Cambodia and associate in Vietnam. The Bank also has sizeable investments in its two insurance subsidiaries. Details of the Bank's subsidiaries as at 31 December 2013 and 2012 are given in notes 11 and 31.

2. Basis of preparation of the financial statements

(a) Statement of compliance

The financial statements are prepared in accordance with Thai Financial Reporting Standards (TFRS); guidelines promulgated by the Federation of Accounting Professions ("FAP"); and applicable rules and regulations of the Thai Securities and Exchange Commission; and presented as prescribed by the Bank of Thailand (BoT) notification number Sor Nor Sor 11/2553, directive dated 3 December 2010, regarding "The preparation and announcement of the financial statements of commercial banks and holding companies which are the parent company of a group of companies offering financial services".

The FAP has issued the following new and revised TFRS relevant to the Bank and its subsidiaries' operations and effective for accounting periods beginning on or after 1 January 2013:

TFRS	Topic
TAS 12	Income Taxes
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates
TFRS 8	Operating Segments
FAP Announcement 34/2555	Accounting Guidance for Transfers and Receives of Financial Assets

The adoption of these new and revised TFRS has resulted in changes in the Bank and its subsidiaries' accounting policies. The effects of these changes are disclosed in note 3.

In addition to the above new and revised TFRS, the FAP has issued a number of other new and revised TFRS which are effective for financial statements beginning on or after 1 January 2014 and have not been adopted in the preparation of these financial statements. Those new and revised TFRS that are relevant to the Bank and its subsidiaries' operations are disclosed in note 45.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- derivative financial instruments are measured at fair value;
- trading and available-for-sale financial assets are measured at fair value.

(c) Functional and presentation currency

The financial statements are presented in Thai Baht, which is the Bank's functional currency. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest million unless otherwise stated.

(d) Use of estimates and judgments

The preparation of financial statements in conformity with TFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is included in the following notes:

Note 4.20	Current and deferred taxation
Note 4.26	Life insurance policy reserves
Note 6	Fair value of financial instruments
Note 9	Derivatives
Note 10	Investments, net
Note 11	Investments in subsidiaries and associate, net
Note 12.9	Allowance for doubtful accounts

3. Changes in accounting policies

(a) Overview

From 1 January 2013, consequent to the adoption of new and revised TFRS as set out in note 2, the Bank and its subsidiaries have changed their accounting policies in the following significant areas:

- Accounting for income tax
- Accounting for the effects of changes in foreign exchange rates
- Presentation of information on operating segments

Details of the new accounting policies adopted by the Bank and its subsidiaries are included in notes 3(b) to 3(d) below. Other new and revised TFRS did not have any impact on the accounting policies, financial position or performance of the Bank and its subsidiaries.

(b) Accounting for income tax

The principal change introduced by TAS 12 is the requirement to account for deferred tax assets and liabilities in the financial statements. Deferred tax assets and liabilities are the amounts of income taxes recoverable and payable, respectively, in future periods in respect of temporary differences between the carrying amount of the asset and liability in the statement of financial position and the amount attributed to that asset and liability for tax purposes; and the carryforward of unused tax losses. The accounting policy for deferred tax is described in note 4.20.

The Bank and its subsidiaries adopted TAS 12 with effect from 1 January 2013. The effects of the change are recognised retrospectively in the financial statements. The impact of the change on the financial statements is as follows:

	Consolidated			The Bank		
	31	31	1	31	31	1
	December	December	January	December	December	January
<i>Statement of financial position</i>	2013	2012	2012	2013	2012	2012
	<i>(in million Baht)</i>					
Increase (decrease) in deferred tax assets	562	471	522	11	8	14
Increase (decrease) in other assets	(350)	(288)	(283)	(11)	(8)	(14)
(Increase) decrease in deferred tax liabilities	(3,059)	(3,996)	(2,282)	(2,916)	(3,609)	(2,186)
(Increase) decrease in other reserves	4,689	4,915	4,126	4,618	4,569	4,100
(Increase) decrease in retained earnings	(1,845)	(1,103)	(2,083)	(1,702)	(960)	(1,914)
(Increase) decrease in shareholders' equity	2,844	3,812	2,043	2,916	3,609	2,186
(Increase) decrease in non-controlling interests	3	1	1	-	-	-
(Increase) decrease in total equity	2,847	3,813	2,044	2,916	3,609	2,186

<i>Statement of comprehensive income for the year ended 31 December</i>	Consolidated		The Bank	
	2013	2012	2013	2012
	<i>(in million Baht)</i>			
(Increase) decrease in income tax expense	831	(985)	800	(990)
Increase (decrease) in profit for the year	831	(985)	800	(990)
Increase (decrease) in basic earnings per share <i>(in Baht)</i>	0.24	(0.29)	0.24	(0.29)

(c) Accounting for the effects of changes in foreign exchange rates

From 1 January 2013, the Bank and its subsidiaries have adopted TAS 21 (revised 2009) Accounting for the effects of changes in foreign exchange rates.

The principal change introduced by TAS 21 (revised 2009) is the introduction of the concept of functional currency, which is defined as the currency of the primary economic environment in which the entity operates. TAS 21 (revised 2009) requires the entity to determine its functional currency and translate foreign currency items into its functional currency, reporting the effects of such translation in accordance with the provisions of TAS 21 (revised 2009). Foreign currencies are defined by TAS 21 (revised 2009) as all currencies other than the entity's functional currency.

Management has determined that the functional currency of the Bank and its subsidiaries is Thai Baht and that the adoption of TAS 21 (revised 2009) from 1 January 2013 has not had a significant impact on the Bank and its subsidiaries' reported assets, liabilities or retained earnings.

(d) Presentation of information on operating segments

From 1 January 2013, the Bank and its subsidiaries have adopted TFRS 8 Operating Segments. The new policy for presentation of information on operating segments is given below. The new policy has been applied retrospectively and segment information included in the financial statements for the year ended 31 December 2012, which are included in the Bank and its subsidiaries' 2013 financial statements for comparative purposes, has been re-presented accordingly. The change in policy only impacts presentational aspects and has no impact on the Bank and its subsidiaries' reported assets, liabilities, results or earnings per share.

TFRS 8 introduces the "management approach" to segment reporting. It requires the presentation and disclosure of segment information based on the internal reports regularly reviewed by the Bank and its subsidiaries' Chief Operating Decision Maker in order to assess each segment's performance and to allocate resources to those segments. The Bank and its subsidiaries segment information is disclosed in note 34.

4. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except as explained in note 3, which addresses changes in accounting policies.

4.1 Basis of consolidation

The consolidated financial statements relate to the Bank and its subsidiaries (together referred to as "the Bank and its subsidiaries") and the Bank and its subsidiaries' interests in associates.

Business combinations

The Bank applies the acquisition method for all business combinations other than those with entities under common control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Bank takes into consideration potential voting rights that currently are exercisable. The acquisition date is the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another.

Goodwill is measured as the fair value of the consideration transferred including the recognised amount of any non-controlling interests in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Bank to the previous owners of the acquiree, and equity interests issued by the Bank. Consideration transferred also includes the fair value of any contingent consideration.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

The Bank measures any non-controlling interests at its proportionate interest in the identifiable net assets of the acquiree.

Transaction costs that the Bank incurs in connection with a business combination, such as legal fees, and other professional and consulting fees are expensed as incurred.

Subsidiaries

Subsidiaries are entities controlled by the Bank. Control exists when the Bank has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Bank. Losses applicable to non-controlling interests in a subsidiary are allocated to non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Loss of control

Upon the loss of control, the Bank derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Bank retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Associate

Associate is entity in which the Bank has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Bank holds between 20% and 50% of the voting power of another entity.

Investments in associate are accounted for in the consolidated financial statements using the equity method (equity-accounted investees) and are recognised initially at cost. The cost of the investment includes transaction costs.

The consolidated financial statements include the Bank's share of profit or loss and other comprehensive income of associate, after adjustments to align the accounting policies with those of the Bank, from the date that significant influence commences until the date that significant influence ceases. When the Bank's share of losses exceeds its interest in an associate, the Bank's carrying amount is reduced to zero and recognition of further losses is discontinued except to the extent that the Bank has incurred legal or constructive obligations or made payments on behalf of the associate.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the Bank and its Subsidiaries' interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

The consolidated financial statements include the accounts of the Head Office, all domestic and overseas branches and the Bank's subsidiaries where more than 50% of the shares are owned by the Bank. All inter-company transactions and balances within this Group have been eliminated.

The consolidated financial statements for the years ended 31 December 2013 and 2012 do not consolidate certain companies which are in the process of being dissolved and companies in which the Bank and/or a subsidiary have more than 50% of paid-up capital as a result of debt restructuring and the Bank and/or the subsidiary intend to hold these investments only for a temporary period. The investment in the latter group of companies is classified as "general investments".

4.2 Cash

Cash includes cash in hand and cash on collection.

4.3 Investments

The Bank classifies its investments in securities as trading securities, available-for-sale securities, held-to-maturity securities, general investments and investment in subsidiaries and associate. The Bank presents these investments in the statement of financial position as either investments or investments in subsidiaries and associate.

Trading securities are those investments that management acquires with the intention of holding for a short period of time in order to take advantage of anticipated changes in the underlying market values. Trading securities are stated at fair value. Changes in fair value are recognised in profit or loss as net trading income. Interest income on trading securities is recognised using the accrual basis of accounting.

Debt securities and marketable equity securities that are not classified as trading securities, held-to-maturity securities, and investment in subsidiaries and associate are classified as available-for-sale securities and are stated at fair value, with the valuation surplus or deficit on investments presented as a component of total equity until realised upon disposition or sale of the underlying securities. Debt securities that the Bank has the positive intent and ability to hold to maturity are classified as held-to-maturity securities. Held-to-maturity investments are stated at amortised cost, less impairment losses, if any. Impairment losses and foreign exchange differences are recognised in profit or loss. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss.

Equity securities which are not marketable and are not subsidiaries and associate are classified as general investments and are stated at the historical cost, less impairment losses, if any.

Investments in subsidiaries and associate in the Bank's financial statements are accounted for by the cost method less impairment losses, if any.

Investments in associate in the consolidated financial statements are accounted for by the equity method.

Investments in subsidiaries and associate acquired from troubled debt restructuring for which the Bank has received permission from the Bank of Thailand to hold the shares, and which are included in general investments and available-for-sale securities, are not required to be either accounted for by the equity method or to be consolidated.

Valuation allowances are established and recognised in profit or loss, when impairment in the value of investments has occurred.

Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in profit or loss.

If the Bank and its subsidiaries dispose of part of a holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

4.4 Loans

Overdrafts are stated at the principal amounts including interest. Certain overdrafts for which special notice has been served on the borrower and other loans are stated at the principal amount. Unearned discounts received in advance are presented as a deduction from the loans.

Hire purchase and financial lease receivables are stated at the outstanding balance, net of unearned interest income. Unearned interest income is stated net of commissions and direct expenses incurred at the initiation of the contracts.

4.5 Allowance for doubtful accounts

The allowance for doubtful accounts represents estimation of probable losses that may have occurred from loans and other lending business at the reporting date. The amount is in compliance with the minimum allowance for doubtful accounts required based on the BoT's guidelines. The guidelines require banks to categorise their loan portfolios into six categories. Each loan category is subject to different levels of provisioning based on percentages established by the BoT. The guidelines established the maximum collateral valuation limits for the purpose of calculating the allowance for doubtful accounts and also require that additional provisions for loans classified as doubtful loss be made in cases where the Bank had not undertaken debt restructuring or filed lawsuits against the debtors.

In addition, the BoT requires banks and finance companies to perform qualitative reviews of their loans as an ongoing process. The Bank and its subsidiaries, which are financial institutions, are required to periodically report the result of their compliance with these guidelines to the BoT.

For corporate loans, the Bank considers a borrower's ability to repay the obligation on an individual case basis based on recent payment history and the estimated collateral value, if the expected source of repayment is from the liquidation of collateral. For SME and consumer loans, the Bank uses credit portfolio statistics to do the statistical analysis (Migration Analysis) for estimation of the deterioration in the portfolio and related allowance for loans under the doubtful category. For finance lease receivables, since 1 September 2012, the Bank has used the Collective Approach method which considers the historical loss experience of each loan cohort.

Loans which have been restructured will be reclassified. Restructured loans which were previously classified as doubtful and doubtful loss are upgraded to substandard. Restructured loans which were previously classified as substandard or special mention loans will be classified at the same class for 3 consecutive months or the next 3 installment payments, whichever is the longer, at which time the loans will be reclassified as normal if the terms of the restructuring are complied with.

Allowances for doubtful accounts established during the period are recognised as bad debt and doubtful accounts expense in profit or loss. Bad debts recovery is presented net of bad debt and doubtful accounts expense in profit or loss.

Bad debt written off is recorded as a decrease in the allowance for doubtful accounts. Write offs are only made for loans which the Bank pursues the collection but has no prospect of further receipts. These procedures comply with BoT's notification and guidelines.

4.6 Troubled debt restructuring

Troubled debt restructuring can involve any one of the following: modification of repayment terms, a reduction in the debt amount, asset disposition for debt settlement, asset transfer, and debt to equity swap.

As for modification of repayment terms, the Bank complies the Bank of Thailand's regulations, whereby the Bank is required to use the collateral method to calculate loss and/or the current value of expected future cash flow. Fair value is calculated based on the market interest rate on the troubled debt restructuring date. Losses from troubled debt restructuring are recognised in profit or loss on the date of restructuring.

A reduction in the debt amount, asset disposition for debt settlement, asset transfer, and debt to equity swap may result in a loss from lower principal and accrued interest receivables. The Bank recognises this directly in profit or loss.

For asset transfer and debt to equity swap, the Bank recognises the asset or transferred equity interests at fair value, less estimated selling expenses. However, the amount must not exceed the pending principal plus interest that the creditor is legally entitled to. Resultant gains or losses are recognised in profit or loss on the transfer date. This is in accordance with TAS 104 *Accounting for Troubled Debt Restructuring*.

Subsequent to the troubled debt restructuring, the Bank recalculates the fair value of restructured debt based on the aforementioned discount rates as of the date of the financial statements and makes an adjustment to the valuation of the restructured debt, if the fair value has changed, in accordance with the BoT's criteria. The adjustment in the valuation of restructured debt shall not cause the book value of restructured debt to exceed its investment value.

4.7 Properties for sale

Properties for sale consist of immovable and movable properties which are carried at the lower of the carrying amount of the loan or fair value of the property as at the reporting date. Should the carrying value of a property for sale become impaired, an allowance for impairment will be recorded in accordance with TAS 36 (revised 2009) *Impairment of Assets*.

Gains or losses on sales of properties for sale are recognised as income or expense at the date of disposal.

4.8 Premises and equipment

Recognition and measurement

Owned assets

Land is stated at the appraised value according to the market price method. Premises are stated at the appraised value according to the replacement cost method at the date of revaluation net of subsequent accumulated depreciation and impairment losses, if any.

Equipment and building improvement are stated at cost less accumulated depreciation.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of premises and equipment have different useful lives, they are accounted for as separate items (major components) of premises and equipment.

Gains and losses on disposal of an item of premises and equipment are determined by comparing the proceeds from disposal with the carrying amount of premises and equipment, and are recognised net within other income in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

Revalued assets

Revaluations are performed by independent professional appraisers with sufficient regularity according to guidelines prescribed by the BoT to ensure that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the reporting date.

Any increase in value on revaluation is recognised in other comprehensive income and presented in other reserves in equity unless it offsets a previous decrease in value recognised in profit or loss in respect of the same asset. A decrease in value is recognised in profit or loss to the extent it exceeds an increase previously recognised in other comprehensive income in respect of the same asset. The revaluation surplus is utilised by reference to the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost and transferred directly to retained earnings. Upon disposal of a revalued asset, any remaining related revaluation surplus is transferred directly to retained earnings and is not taken into account in calculating the gain or loss on disposal.

Subsequent costs

The cost of replacing a part of an item of premises and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Bank and its subsidiaries, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of premises and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of assets. The estimated useful lives are as follows:

Premises	15-50 years
Building improvement	10 years
Furniture, fixtures, office equipment, equipment and vehicles	5 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

4.9 Goodwill and other intangible assets

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. The measurement of goodwill at initial recognition is described in note 4.1. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is tested for impairment as described in note 4.10. Negative goodwill is recognised immediately in profit or loss.

Other intangible assets

Other intangible assets which are software license that are acquired by the Bank and its subsidiaries and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses. Leasehold rights are stated as prepaid expenses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

Amortisation is based on the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative years are as follows:

Software licenses	5-10 years
Leasehold rights	1-30 years

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

4.10 Impairment

The carrying amounts of the Bank and its subsidiaries assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill, the recoverable amount is estimated each year at the same time.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the value of the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

Calculation of recoverable amount

The recoverable amount of held-to-maturity securities and receivables carried at amortised cost is calculated as the present value of the estimated future cash flows discounted at the original effective interest rate. Receivables with a short duration are not discounted.

The recoverable amount of available-for-sale financial asset is calculated by reference to the fair value.

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimate future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised in profit or loss. For financial assets carried at amortised cost and available-for-sale financial asset that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised in other comprehensive income.

An impairment loss in respect of goodwill is not reversed. Impairment losses recognised in prior periods in respect of other non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

4.11 Claims on security and liabilities to deliver security

The Bank records claims on security and liabilities to deliver security in the statement of financial position as assets and liabilities, respectively, according to the BoT's guidance.

These represent the Bank and its subsidiaries right to claim and liability to return collateral, respectively, in the form of securities for private repurchase or securities borrowing and lending transactions where these securities are used to further borrow or lend in other transactions.

Gains or losses arising from securities sold short are included in determining income. Fees for borrowing and lending are recognised on an accrual basis.

4.12 Employee benefits

The Bank operates a number of employee benefit plans as follows:

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Bank and its subsidiaries have a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Pension and post-retirement benefits

The Bank provides pension and post-retirement benefits to eligible employees under the following arrangements:

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Bank pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

The defined contribution plans comprise provident funds established by the Bank and its subsidiaries for their employees. Membership to the funds is on voluntary basis. Contributions are made monthly by the employees at rates ranging from 2% to 10% of their basic salaries and by the Bank and its subsidiaries at rates ranging from 2% to 10% of the employees' basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by licensed Fund Managers.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Bank's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs are deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Bank's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed by a qualified actuary using the projected unit credit method. The Bank and its subsidiaries recognise all actuarial gains and losses arising from defined benefit plans in other comprehensive income and all expenses related to defined benefit plans in staff costs in profit or loss.

Other long-term employee benefits

The Bank and its subsidiaries' net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that the eligible employees have earned in return for their service in the current and prior periods before retirement; that benefit is discounted to determine its present value.

In the statement of financial position, the obligations represent the present value of the other long-term employee benefits. The obligations are calculated on the same basis as the defined benefit plan.

4.13 Provisions

A provision is recognised if, as a result of a past event, the Bank and its subsidiaries have a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

4.14 Initial recognition

The Bank and its subsidiaries initially recognise the purchase and sale of investments on the settlement date. All other financial assets and liabilities, including loans to customers, deposits and debt issued and borrowings are initially recognised on the trade date at which the Bank and its subsidiaries become a party to the contractual provisions of the instrument.

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Preference shares

Preference shares are classified as equity if they are non-redeemable, or redeemable only at the Bank's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity upon approval by the Bank's shareholders.

4.15 Interest income and interest expense

The Bank recognises interest and discounts on loans as income on an accrual basis, except for interest on loans which are outstanding over 3 months at the date of the statement of financial position and interest from receivables under troubled debt restructuring agreements where the borrowers' ability to pay is uncertain. Such interest is recognised when received. The Bank reverses all accrued interest income for items which are no longer on an accrual basis. Interest on interbank and money market items and investments is recognised on an accrual basis.

Interest expense is recognised in profit or loss on an accrual basis.

Interest income on restructured loans of the Bank and its subsidiaries are recognised on the same accrual basis as used for loans mentioned above, except for loans that are subject to monitoring for compliance with restructuring conditions, where the Bank and its subsidiaries recognise interest income on a cash basis until the borrowers have been able to comply with the restructuring conditions for a period of no less than three months or three installments, whichever is longer.

Interest or discounts, which are already included in the face value of notes receivable or loans, are deferred and taken up as income evenly over the term of the notes or loans.

4.16 Income from finance lease contracts

The Bank recognises income from finance lease contracts based on the effective interest method.

Reversal of income from finance lease accounts receivable which are outstanding over three months from the due date is made in order to comply with the guidelines of the BoT.

4.17 Dividend income

The Bank recognises dividend income in profit loss on an accrual basis on the date which the Bank earns the rights to receive the dividend.

4.18 Net trading income

Net trading income is recognised in profit or loss on an accrual basis.

4.19 Contributions to the Deposit Protection Agency

Contributions to the Deposit Protection Agency are recorded as expenses on an accrual basis.

4.20 Income tax

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries and jointly-controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Bank and its subsidiaries expect, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax, the Bank and its subsidiaries take into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Bank and its subsidiaries believe that their accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Bank and its subsidiaries to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the year that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

4.21 Earnings per share

The Bank and its subsidiaries present basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit attributable to ordinary shareholders of the Bank and its subsidiaries by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held.

Since 10 May 2009, the conversion preference of the preference shares expired. Therefore, the preference shares' rights are equivalent to the ordinary shares. Basic earnings per share is calculated from net profit divided by the total number of ordinary shares and preference shares.

4.22 Segment reporting

Segment results that are reported to the Executive Committee (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

4.23 Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the reference BoT exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in profit or loss.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency using the foreign exchange rates ruling at the dates of the transactions.

Foreign operations

The assets and liabilities of foreign operations are translated to Thai Baht at the foreign exchange rates ruling at the reporting date.

The revenues and expenses of foreign operations are translated to Thai Baht at rates approximating the foreign exchange rates ruling at the dates of the transactions.

Foreign exchange differences arising on transaction are recognised in other comprehensive income and presented in the foreign currency translation reserve in equity until disposal of the investment.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity until disposal of the investment.

4.24 Derivatives

Recognition of derivatives is as follows:

- 1 Derivatives for trading are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, they are remeasured at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.
- 2 Derivatives for hedging of transactions which are measured on an accrual basis are recorded as off-financial reporting items and income and expense are recognised on an accrual basis equivalent to that used for the underlying transactions.

4.25 Sales of bills of exchange

Sales, with recourse clause, of bills of exchange that carry no acceptances or aval of the financial institutions are recorded as liabilities under the caption of "Liabilities under commercial papers sold". The amount of loans recorded upon the purchase of the bills are credited when the bills are due and collected.

4.26 Significant accounting policies of the life assurance subsidiary

4.26.1 Recognition of revenues

Premium income is recognised as revenue when premium is received and on the effective date of the insurance policies for the first year premium. For renewal insurance policies, premium income is recognised as revenue when premium is received. Premium due and uncollected is additionally recognised as revenue when the policy is still in force and in the process of collection.

4.26.2 Life insurance policy reserves

Life insurance policy reserves represent the accumulated total liability for the life insurance policies in force on the reporting date. Such reserves are established to meet the estimated future obligations of all the life insurance policies in force using generally accepted actuarial principles and methods.

The assumptions used in the calculation include mortality rate, discount interest rate and other terms that are established at the time the contract is issued.

Unearned premium reserves

Unearned premium reserves for group insurance and short-term riders are calculated on a pro-rata basis i.e. incorporating the outstanding duration of each policy.

4.26.3 Unpaid policy benefits

Unpaid policy benefits are recorded for the estimated cost of all claims notified but not settled at the reporting date, using the information available at the time. Unpaid policy benefits are also made for the cost of claims incurred but not reported as at the reporting date based on the subsidiary's experience and historical data. Differences between the provision for outstanding claims at the reporting date and subsequent revisions and settlements are included in the statement of comprehensive income in later years.

4.27 Significant accounting policies of the non-life insurance subsidiary

4.27.1 Recognition of direct and reinsurance premiums

Premium income is recognised on the date the relevant insurance policy comes into effect after deducting premiums ceded and cancelled, and adjustment for unearned premium reserves.

For long-term insurance policies, the subsidiary records the amount of premium received in respect of the period after one year as advance premium, and records related commission as prepaid long-term commission in other assets. The subsidiary recognises the premium and prepaid commission as income and expense respectively, in accordance with the coverage period.

Reinsurance premium income is recognised when the reinsured company places the written documents such as the reinsurance application or statement of accounts with the subsidiary.

Ceded premiums

Ceded premiums are recognised as expenses when the insurance risk is transferred to another reinsurer, and after adjustment for unearned premium reserves.

4.27.2 Unearned premium reserves

The subsidiary sets aside part of its written premiums as unearned premium reserves as follows:

Fire, marine (hull), motor and miscellaneous	- Monthly average basis from net premium written (the one-twenty-fourth method)
Marine (cargo)	- Net premium written for the last ninety days
Travel accident	- Net premium written for the last thirty days

4.27.3 Loss reserves and outstanding claims

Loss reserves are taken up in the accounts upon receipt of claim advices from the insured, at the value appraised by an independent appraiser or the subsidiary's appraiser, depending on the particular case. In addition, the subsidiary sets up a provision for losses incurred but not yet reported (IBNR) based upon estimates made by a qualified actuary.

5 Financial risk management

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight to the Bank and its subsidiaries' risk management framework. The Board has established at the Bank and, to the extent required, at its subsidiaries an Asset and Liability Committee (ALCO), Executive Committee, Audit Committee, Risk Management Committees, which are collectively responsible for developing, implementing and monitoring the Bank and its subsidiaries risk management policies in specified areas and reporting regularly to the Board of Directors on their activities.

The Bank and its subsidiaries' risk management policies are established to identify and analyse the risks faced by the Bank and its subsidiaries, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Bank and its subsidiaries, through implementing and monitoring appropriate policies, procedures and measures, aim to establish an effective and efficient internal control environment, in which all employees understand their roles and obligations.

The Bank's Audit Committee is responsible for monitoring compliance with the Bank and its subsidiaries' risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Bank and its subsidiaries. The Bank's Audit Committee is assisted in these functions by Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Bank's Audit Committee.

5.1 Credit risk

Credit risk refers to risk arising from the failure of either debtors to repay principal and interest as agreed, or of counterparties to comply with conditions or contracts. Credit risk covers all types of financial products: transactions on-financial reporting such as loans, overdrafts, bills of exchange, and other types of debts; and those off-financial reporting such as derivatives trading and letters of guarantee.

The Bank has established a credit function organisational structure based on a system of checks and balances. Business units are clearly separated from credit approval units. Credit approval authority at each level is assigned to match potential risk or loss levels. Credit risk management policies for critical credit risk have been developed and approved by the Board of Directors. For example:

- Credit policy guide
- Collateral and NPA appraisal policy
- Classification, Provision and Bad Debt Write-Off Policy and Practice
- Policy on credit risk model governance
- Policy on credit rating for non-retail credit debtors
- Counterparty risk management policy
- Country risk management policy

Since credit risk varies by type of credit, different risk measurement methods are applied, ranging from basic statistical tools to more advanced ones, to appropriately reflect the credit risk of each type of product/transaction.

The Bank has credit risk reporting on a regular basis. The Bank and its subsidiaries credit risk report, including loan growth, debt quality, credit concentration, and investment diversification, is presented to the Risk Management Committee on a monthly basis.

5.2 Interest rate risk

Interest rate risk arises from the change in interest rates which will affect the net interest earnings in the current reporting period and in the future. Interest rate risk arises from the structure and characteristics of the Bank's assets, liabilities and equity.

The Bank uses various derivative transactions to manage its own asset and liability positions in order to manage interest rate exposure. The use of derivative transactions is in accordance with the policies and guidelines from the Board of Directors and is under the review and control of the Assets and Liabilities Committee (ALCO).

As at 31 December 2013 and 2012, significant financial assets and liabilities can be repriced as follows:

	Consolidated							
	2013							
	Reprice on demand	Reprice within Less than 3 months	Reprice within 3 - 12 months	Reprice within 1 - 5 years	Reprice over 5 years	Non Performing Loans	Non interest bearing	Total
	<i>(in million Baht)</i>							
Financial assets								
Cash	-	-	-	-	-	-	35,755	35,755
Interbank and money market items *	7,630	123,501	6,514	6,474	3,020	-	24,735	171,874
Investments, net	-	109,181	159,946	94,762	115,803	-	24,496	504,188
Loans to customers **	954,453	328,147	166,240	243,447	2,633	39,992	369	1,735,281
Accrued interest receivables	-	-	-	-	-	-	4,132	4,132
Total financial assets	962,083	560,829	332,700	344,683	121,456	39,992	89,487	2,451,230
Financial liabilities								
Deposits	752,883	411,348	554,812	48,274	-	-	55,594	1,822,911
Interbank and money market items	7,542	61,566	3,995	34,186	-	-	11,838	119,127
Debt issued and borrowings	-	46	5,223	49,705	40,038	-	-	95,012
Other liabilities	-	-	-	-	-	-	11,666	11,666
Total financial liabilities	760,425	472,960	564,030	132,165	40,038	-	79,098	2,048,716
Difference	201,658	87,869	(231,330)	212,518	81,418	39,992	10,389	402,514

* Before deducting allowance for doubtful accounts amounting to Baht 352 million

** Net of deferred revenue

Consolidated								
2012								
	Reprice on demand	Less than 3 months	Reprice within 3 - 12 months	1 - 5 years	Reprice over 5 years	Non Performing Loans	Non interest bearing	Total
(in million Baht)								
Financial assets								
Cash	-	-	-	-	-	-	31,322	31,322
Interbank and money market items *	3,523	129,657	2,482	3,204	5,074	-	20,029	163,969
Investments, net	11,305	58,299	207,621	67,864	90,841	-	22,367	458,297
Loans to customers **	859,483	289,341	141,617	216,800	4,065	35,873	307	1,547,486
Accrued interest receivables	-	-	-	-	-	-	3,463	3,463
Total financial assets	874,311	477,297	351,720	287,868	99,980	35,873	77,488	2,204,537
Financial liabilities								
Deposits	712,849	380,803	406,093	62,694	-	-	51,620	1,614,059
Interbank and money market items	11,079	41,018	4,262	42,177	-	-	8,527	107,063
Debt issued and borrowings	-	2,094	18,658	51,794	60,031	-	-	132,577
Other liabilities	-	-	-	-	-	-	8,673	8,673
Total financial liabilities	723,928	423,915	429,013	156,665	60,031	-	68,820	1,862,372
Difference	150,383	53,382	(77,293)	131,203	39,949	35,873	8,668	342,165

* Before deducting allowance for doubtful accounts amounting to Baht 1,214 million

** Net of deferred revenue

The Bank								
2013								
	Reprice on demand	Less than 3 months	Reprice within 3 - 12 months	1 - 5 years	Reprice over 5 years	Non Performing Loans	Non interest bearing	Total
(in million Baht)								
Financial assets								
Cash	-	-	-	-	-	-	35,584	35,584
Interbank and money market items *	6,745	120,474	-	5,000	-	-	23,024	155,243
Investments, net	-	97,687	158,039	82,368	16,269	-	13,805	368,168
Loans to customers **	950,603	328,113	166,229	242,185	2,633	38,233	-	1,727,996
Accrued interest receivables	-	-	-	-	-	-	3,927	3,927
Total financial assets	957,348	546,274	324,268	329,553	18,902	38,233	76,340	2,290,918
Financial liabilities								
Deposits	752,945	411,019	554,809	48,275	-	-	53,680	1,820,728
Interbank and money market items	11,555	61,566	3,995	34,186	-	-	12,690	123,992
Debt issued and borrowings	-	-	5,223	49,705	40,038	-	-	94,966
Other liabilities	-	-	-	-	-	-	11,674	11,674
Total financial liabilities	764,500	472,585	564,027	132,166	40,038	-	78,044	2,051,360
Difference	192,848	73,689	(239,759)	197,387	(21,136)	38,233	(1,704)	239,558

* Before deducting allowance for doubtful accounts amounting to Baht 352 million

** Net of deferred revenue

	The Bank							
	2012							
	Reprice on demand	Less than 3 months	Reprice within 3 - 12 months	1 - 5 years	Reprice over 5 years	Non Performing Loans	Non interest bearing	Total
	(in million Baht)							
Financial assets								
Cash	-	-	-	-	-	-	31,218	31,218
Interbank and money market items *	3,224	129,173	-	4	-	-	18,354	150,755
Investments, net	-	46,617	206,944	58,519	13,181	-	21,339	346,600
Loans to customers **	856,878	289,194	141,173	215,742	4,065	33,590	-	1,540,642
Accrued interest receivables	-	-	-	-	-	-	3,309	3,309
Total financial assets	860,102	464,984	348,117	274,265	17,246	33,590	74,220	2,072,524
Financial liabilities								
Deposits	713,103	380,636	406,241	62,694	-	-	51,915	1,614,589
Interbank and money market items	15,790	41,018	4,262	42,177	-	-	8,660	111,907
Debt issued and borrowings	-	2,005	18,658	51,794	60,031	-	-	132,488
Other liabilities	-	-	-	-	-	-	8,673	8,673
Total financial liabilities	728,893	423,659	429,161	156,665	60,031	-	69,248	1,867,657
Difference	131,209	41,325	(81,044)	117,600	(42,785)	33,590	4,972	204,867

* Before deducting allowance for doubtful accounts amounting to Baht 1,214 million

** Net of deferred revenue

As at 31 December 2013 and 2012, interest earning and interest bearing financial instruments were as follows:

Consolidated						
	2013			2012		
	Average	Interest	Average	Average	Interest	Average
	(in million Baht)		interest rate	(in million Baht)		interest rate
			(%)			(%)
Interbank and money market items, net (Assets)	167,138	5,028	3.0	143,879	4,789	3.3
Investments, net	481,242	13,226	2.7	389,984	11,469	2.9
Loans to customers *	1,641,383	102,421	6.2	1,420,084	87,135	6.1
Deposits	1,718,485	41,927	2.4	1,399,224	33,130	2.4
Interbank and money market items (Liabilities)	113,095	1,839	1.6	80,247	1,617	2.0
Debt issued and borrowings	113,794	3,910	3.4	194,210	6,543	3.4

The Bank						
	2013			2012		
	Average	Interest	Average	Average	Interest	Average
	(in million Baht)		interest rate	(in million Baht)		interest rate
			(%)			(%)
Interbank and money market items, net (Assets)	152,216	4,358	2.9	132,167	4,351	3.3
Investments, net	357,384	8,656	2.4	293,561	7,734	2.6
Loans to customers *	1,634,319	102,105	6.2	1,405,508	86,240	6.1
Deposits	1,717,658	41,997	2.4	1,397,023	33,112	2.4
Interbank and money market items (Liabilities)	117,949	1,858	1.6	83,456	1,655	2.0
Debt issued and borrowings	113,727	3,881	3.4	194,395	6,537	3.4

* Net of deferred revenue

5.3 Foreign exchange risk

Foreign exchange risk is the risk that occurs from changes in exchange rate which may affect the value of the financial instruments or may cause volatility in the Bank's earnings or fluctuations in value of the financial assets and liabilities.

It is the Bank's policy to manage foreign exchange risk by setting risk limits on foreign exchange risk exposures. These limits are net open position limits, open position by currency, management action triggers, and value at risk which are monitored on a daily basis and in compliance with the Bank of Thailand's regulations on foreign exchange.

As at 31 December 2013 and 2012, the Bank had financial assets and liabilities denominated in the various currencies as follows:

	Consolidated					
	2013					
	THB	USD	EURO	YEN	Others	Total
	<i>(in million Baht)</i>					
Financial assets						
Cash	33,959	974	316	118	388	35,755
Interbank and money market items *	150,532	19,115	464	409	1,354	171,874
Investments, net	503,440	319	3	-	426	504,188
Loans to customers **	1,599,384	131,172	2,995	279	1,451	1,735,281
Accrued interest receivables	3,706	411	11	-	4	4,132
Total financial assets	2,291,021	151,991	3,789	806	3,623	2,451,230
Financial liabilities						
Deposits	1,783,428	37,879	962	172	470	1,822,911
Interbank and money market items	102,630	16,295	199	2	1	119,127
Debt issued and borrowings	45,500	49,512	-	-	-	95,012
Other liabilities	11,220	445	-	-	1	11,666
Total financial liabilities	1,942,778	104,131	1,161	174	472	2,048,716
On-financial reporting items, net	348,243	47,860	2,628	632	3,151	402,514
Off-financial reporting items - contingencies (currency swap contracts)	-	(55,086)	(3,323)	(766)	(1,412)	(60,587)

* Before deducting allowance for doubtful accounts amounting to Baht 352 million

** Net of deferred revenue

Consolidated						
2012						
	THB	USD	EURO	YEN	Others	Total
	<i>(in million Baht)</i>					
Financial assets						
Cash	30,208	472	235	83	324	31,322
Interbank and money market items *	152,778	8,222	411	1,135	1,423	163,969
Investments, net	456,048	1,899	3	-	347	458,297
Loans to customers **	1,437,887	104,329	2,243	450	2,577	1,547,486
Accrued interest receivables	3,165	289	5	-	4	3,463
Total financial assets	2,080,086	115,211	2,897	1,668	4,675	2,204,537
Financial liabilities						
Deposits	1,571,090	37,054	839	4,603	473	1,614,059
Interbank and money market items	96,132	10,784	141	6	-	107,063
Debt issued and borrowings	86,288	46,289	-	-	-	132,577
Other liabilities	8,262	410	-	-	1	8,673
Total financial liabilities	1,761,772	94,537	980	4,609	474	1,862,372
On-financial reporting items, net	318,314	20,674	1,917	(2,941)	4,201	342,165
Off-financial reporting items - contingencies (currency swap contracts)	-	(20,178)	(1,568)	3,088	(2,530)	(21,188)

* Before deducting allowance for doubtful accounts amounting to Baht 1,214 million

** Net of deferred revenue

The Bank						
2013						
	THB	USD	EURO	YEN	Others	Total
	<i>(in million Baht)</i>					
Financial assets						
Cash	33,853	911	316	118	386	35,584
Interbank and money market items *	139,050	13,971	464	409	1,349	155,243
Investments, net	367,420	319	3	-	426	368,168
Loans to customers **	1,593,729	129,542	2,995	279	1,451	1,727,996
Accrued interest receivables	3,505	407	11	-	4	3,927
Total financial assets	2,137,557	145,150	3,789	806	3,616	2,290,918
Financial liabilities						
Deposits	1,787,121	32,008	962	172	465	1,820,728
Interbank and money market items	107,444	16,346	199	2	1	123,992
Debt issued and borrowings	45,454	49,512	-	-	-	94,966
Other liabilities	11,229	444	-	-	1	11,674
Total financial liabilities	1,951,248	98,310	1,161	174	467	2,051,360
On-financial reporting items, net	186,309	46,840	2,628	632	3,149	239,558
Off-financial reporting items - contingencies (currency swap contracts)	-	(52,631)	(3,323)	(766)	(1,412)	(58,132)

* Before deducting allowance for doubtful accounts amounting to Baht 352 million

** Net of deferred revenue

	The Bank					
	2012					
	THB	USD	EURO	YEN	Others	Total
	<i>(in million Baht)</i>					
Financial assets						
Cash	30,170	407	235	83	323	31,218
Interbank and money market items *	142,948	4,842	411	1,135	1,419	150,755
Investments, net	345,903	348	3	-	346	346,600
Loans to customers **	1,431,969	103,407	2,243	450	2,573	1,540,642
Accrued interest receivables	3,014	286	5	-	4	3,309
Total financial assets	1,954,004	109,290	2,897	1,668	4,665	2,072,524
Financial liabilities						
Deposits	1,575,114	33,564	839	4,603	469	1,614,589
Interbank and money market items	100,886	10,874	141	6	-	111,907
Debt issued and borrowings	86,199	46,289	-	-	-	132,488
Other liabilities	8,262	410	-	-	1	8,673
Total financial liabilities	1,770,461	91,137	980	4,609	470	1,867,657
On-financial reporting items, net	183,543	18,153	1,917	(2,941)	4,195	204,867
Off-financial reporting items - contingencies (currency swap contracts)	-	(20,436)	(1,568)	3,088	(2,530)	(21,466)

* Before deducting allowance for doubtful accounts amounting to Baht 1,214 million

** Net of deferred revenue

5.4 Equity risk

Equity risk is the risk arising from changes in the price of equities or common stock that may cause volatility in the Bank's earnings or fluctuations in the value of the Bank's financial assets. The Bank and its subsidiaries have policies to manage the risk by maintaining long-term equity investments and investing in growth potential equities and/or those intended to support the business. The Bank has established the Policy that only companies within the Financial Group that are engaged in the financial business with specific supervisory bodies and those permitted to engage in portfolio management can engage in equity investment under relevant applicable regulations. The Bank has closely managed and monitored market situations to provide information for management to monitor the risk to the Bank.

5.5 Liquidity risk

Liquidity risk is the risk that the Bank may not be able to meet its obligations as they fall due, because of an inability to realise assets or to cover funding requirements at an appropriate price, thus resulting in losses to the Bank.

The Bank has set a standardised risk management framework for the SCB Financial Group companies which follows the Bank of Thailand's Consolidated Supervision framework. The Board of Directors has approved the SCB Financial Group Risk Management Policy which sets the risk management policy, organisation structure, risk limits, risk measurement and liquidity risk monitoring practices and procedures.

The Bank has implemented a system to monitor liquidity management on a daily basis in both Baht and foreign currencies by applying a number of risk management tools, such as net daily liquidity position report in both the remaining time to maturity and with behavioral adjustments, individual foreign currency position report. In addition, the Bank also determines relevant risk limits to be adopted to measure, monitor and control liquidity risk to remain at an acceptable level, which is further reported to the senior management of the Bank on a daily basis.

As at 31 December 2013 and 2012, financial assets and liabilities were classified according to their contractual maturity as follows:

	Consolidated						Total
	2013						
	Maturity	Maturity within			Maturity	No	
	on	Less than	3 - 12	1 - 5	over		
	demand	3 months	months	years	5 years	maturity	
(in million Baht)							
Financial assets							
Cash	-	-	-	-	-	35,755	35,755
Interbank and money market items *	26,108	129,110	6,540	6,677	3,439	-	171,874
Investments, net	-	109,872	158,945	95,049	115,834	24,488	504,188
Loans to customers**	180,815	295,085	199,009	581,719	478,653	-	1,735,281
Accrued interest receivables	-	4,132	-	-	-	-	4,132
Total financial assets	206,923	538,199	364,494	683,445	597,926	60,243	2,451,230
Financial liabilities							
Deposits	799,079	410,375	558,241	55,216	-	-	1,822,911
Interbank and money market items	19,380	51,722	3,995	44,030	-	-	119,127
Debt issued and borrowings	-	46	5,223	49,705	40,038	-	95,012
Other liabilities	-	2,573	8,749	344	-	-	11,666
Total financial liabilities	818,459	464,716	576,208	149,295	40,038	-	2,048,716
Net liquidity gap	(611,536)	73,483	(211,714)	534,150	557,888	60,243	402,514

* Before deducting allowance for doubtful accounts amounting to Baht 352 million

** Including non-performing loans

Consolidated							
2012							
	Maturity on demand	Maturity Less than 3 months	Maturity within 3 - 12 months	Maturity within 1 - 5 years	Maturity over 5 years	No maturity	Total
	(in million Baht)						
Financial assets							
Cash	-	-	-	-	-	31,322	31,322
Interbank and money market items *	22,647	129,765	2,501	3,200	5,856	-	163,969
Investments, net	11,305	58,299	207,621	67,864	90,841	22,367	458,297
Loans to customers**	149,663	270,797	175,073	527,383	424,346	224	1,547,486
Accrued interest receivables	-	3,463	-	-	-	-	3,463
Total financial assets	183,615	462,324	385,195	598,447	521,043	53,913	2,204,537
Financial liabilities							
Deposits	757,251	379,339	407,998	69,471	-	-	1,614,059
Interbank and money market items	19,606	41,017	4,262	42,178	-	-	107,063
Debt issued and borrowings	-	2,094	18,658	51,794	60,031	-	132,577
Other liabilities	-	2,008	6,183	482	-	-	8,673
Total financial liabilities	776,857	424,458	437,101	163,925	60,031	-	1,862,372
Net liquidity gap	(593,242)	37,866	(51,906)	434,522	461,012	53,913	342,165

* Before deducting allowance for doubtful accounts amounting to Baht 1,214 million

** Including non-performing loans

The Bank							
2013							
	Maturity on demand	Less than 3 months	Maturity within 3 - 12 months	1 - 5 years	Maturity over 5 years	No maturity	Total
	<i>(in million Baht)</i>						
Financial assets							
Cash	-	-	-	-	-	35,584	35,584
Interbank and money market items *	24,219	126,024	-	5,000	-	-	155,243
Investments, net	-	97,687	157,722	82,685	16,269	13,805	368,168
Loans to customers**	176,194	294,966	197,979	580,204	478,653	-	1,727,996
Accrued interest receivables	-	3,927	-	-	-	-	3,927
Total financial assets	200,413	522,604	355,701	667,889	494,922	49,389	2,290,918
Financial liabilities							
Deposits	797,229	410,046	558,237	55,216	-	-	1,820,728
Interbank and money market items	24,245	51,722	3,995	44,030	-	-	123,992
Debt issued and borrowings	-	-	5,223	49,705	40,038	-	94,966
Other liabilities	-	2,572	8,757	345	-	-	11,674
Total financial liabilities	821,474	464,340	576,212	149,296	40,038	-	2,051,360
Net liquidity gap	(621,061)	58,264	(220,511)	518,593	454,884	49,389	239,558

* Before deducting allowance for doubtful accounts amounting to Baht 352 million

** Including non-performing loans

The Bank							
2012							
	Maturity on demand	Less than 3 months	Maturity within 3 - 12 months	1 - 5 years	Maturity over 5 years	No maturity	Total
(in million Baht)							
Financial assets							
Cash	-	-	-	-	-	31,218	31,218
Interbank and money market items *	21,478	129,277	-	-	-	-	150,755
Investments, net	-	46,617	206,944	58,519	13,181	21,339	346,600
Loans to customers**	146,543	270,226	174,426	525,102	424,345	-	1,540,642
Accrued interest receivables	-	3,309	-	-	-	-	3,309
Total financial assets	168,021	449,429	381,370	583,621	437,526	52,557	2,072,524
Financial liabilities							
Deposits	757,800	379,172	408,146	69,471	-	-	1,614,589
Interbank and money market items	24,451	41,017	4,262	42,177	-	-	111,907
Debt issued and borrowings	-	2,005	18,658	51,794	60,031	-	132,488
Other liabilities	-	2,008	6,183	482	-	-	8,673
Total financial liabilities	782,251	424,202	437,249	163,924	60,031	-	1,867,657
Net liquidity gap	(614,230)	25,227	(55,879)	419,697	377,495	52,557	204,867

* Before deducting allowance for doubtful accounts amounting to Baht 1,214 million

** Including non-performing loans

Loans to deposits ratio

As at 31 December 2013 and 2012, the loans to deposits ratios in the consolidated financial statements were as follows:

	2013	2012
	(%)	
Gross loans to deposits ratio (Consolidated financial statements)	95.2	95.9
Gross loans to deposits and B/E ratio (Consolidated financial statements)	94.9	94.4

6 Fair value of financial instruments

Fair values of financial instruments are their quoted market prices or where, quoted market prices are not available, based on estimates using present value or other valuation techniques. These techniques are significantly affected by the assumptions including discount rate and estimated cash flow. Hence, estimated fair values from different techniques may vary significantly.

As at 31 December 2013 and 2012, a summary of book value and fair value of financial instruments were as follows:

	Consolidated			
	2013		2012	
	Book value	Fair value	Book value	Fair value
	<i>(in million Baht)</i>			
Financial assets				
Cash	35,755	35,755	31,322	31,322
Interbank and money market items, net	171,522	171,522	162,755	162,755
Derivative assets	46,228	46,228	28,760	28,760
Investments, net	504,188	508,063	458,297	464,329
Loans to customers and accrued interest receivables, net	1,679,097	1,683,423	1,498,993	1,499,572
Total financial assets	2,436,790	2,444,991	2,180,127	2,186,738
Financial liabilities				
Deposits	1,822,911	1,823,765	1,614,059	1,614,435
Interbank and money market items	119,127	119,111	107,063	106,971
Liabilities payable on demand	8,406	8,406	9,603	9,603
Derivative liabilities	46,826	46,826	24,973	24,973
Debt issued and borrowings	95,012	95,012	132,577	132,577
Total financial liabilities	2,092,282	2,093,120	1,888,275	1,888,559
	The Bank			
	2013		2012	
	Book value	Fair value	Book value	Fair value
	<i>(in million Baht)</i>			
Financial assets				
Cash	35,584	35,584	31,218	31,218
Interbank and money market items, net	154,891	154,891	149,541	149,541
Derivative assets	46,315	46,315	28,782	28,782
Investments, net	368,168	370,218	346,600	348,320
Loans to customers and accrued interest receivables, net	1,672,945	1,677,270	1,493,765	1,494,338
Total financial assets	2,277,903	2,284,278	2,049,906	2,052,199
Financial liabilities				
Deposits	1,820,728	1,821,582	1,614,589	1,614,965
Interbank and money market items	123,992	123,976	111,907	111,815
Liabilities payable on demand	8,367	8,367	9,563	9,563
Derivative liabilities	46,823	46,823	24,980	24,980
Debt issued and borrowings	94,966	94,966	132,488	132,488
Total financial liabilities	2,094,876	2,095,714	1,893,527	1,893,811

The following methods and assumptions are used by the Bank in estimating fair market values of financial instruments as disclosed herein:

Cash:	The carrying amounts approximate fair value.
Interbank and money market items (Assets):	Fair value calculated based on present value of estimated cash flows, using the current interest rate in the money market.
Derivatives:	The fair values of derivatives are obtained from quoted market prices in active markets. Fair values of derivatives in an illiquid market are obtained using an average price (quoted from several reliable sources), valuation technique and a benchmark price of instruments which have similar characteristics, as appropriate.
Investments:	<p>The following methodologies are used to determine the fair value of securities held by the Bank.</p> <ul style="list-style-type: none"> - The fair value of government debt securities is estimated based on the Thai Bond Market Association's last average bid price. In situations where no auction prices are available, the fair value is estimated based on the last executed price. For government debt securities with no active market price, the fair value is estimated based on the yield curve of government debt securities plus a risk premium. - The bidding prices at The Stock Exchange of Thailand on the last business day of the year are used to estimate the fair value of listed private sector debt and equity securities. The fair value of non-listed private sector debt securities is estimated by applying the BoT valuation formula and the risk free yield curve plus the appropriate risk premium. - The fair value of unit trusts is estimated based on the net asset value at the reporting date. - The fair value of foreign debt and equity securities listed on foreign stock exchanges is estimated by using the bid prices at such exchanges as of the last business day of the year. The fair value of non-listed foreign debt and equity securities is determined based on values quoted by reliable international financial institutions.
Loans to customers and accrued interest receivables:	<ul style="list-style-type: none"> - For variable-rate loans that are repriced frequently and have no significant change in credit risk, fair values are based on carrying values. - Fair values of other loans are estimated using discounted cash flow analyses, using market interest rates or the fair value of collateral. - The carrying amount of accrued interest receivables approximates fair value.
Deposits and interbank and money market items (Liabilities):	<ul style="list-style-type: none"> - The fair values disclosed for deposits which are payable on demand by the depositor, are equal to the carrying values of such deposits. - Fair values for fixed-deposits are estimated using a discounted cash flow calculation that applies interest rates currently being offered on similar deposits. - The carrying amount of interbank and money market items approximates their fair value.
Liabilities payable on demand:	The carrying amount of liabilities payable on demand approximates fair value.
Debt issued and borrowings:	<ul style="list-style-type: none"> - The carrying amounts of short-term borrowings maturing within 90 days approximate their fair values. - Fair values of other borrowings are estimated using discounted cash flow analyses based on the Bank's current borrowing rates for similar types of borrowing arrangements.

7 Maintenance of capital fund

The Bank and its subsidiaries, which are financial institutions, are subject to various capital and regulatory requirements of the Bank of Thailand. Under these capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank and its subsidiaries must satisfy specific capital guidelines that involve, among others, quantitative measures of the Bank's and its subsidiaries' assets, liabilities and certain off-financial reporting items as calculated in accordance with regulatory practices. The Bank's and its subsidiaries' capital amounts and classifications are also subject to qualitative judgments by the Bank of Thailand as to components, risk weightings, and other factors. These capital and regulatory requirements are subject to change, as considered necessary by the Bank of Thailand.

The Bank maintains its capital fund in accordance with the Financial Institution Business Act B.E. 2551 by maintaining its capital fund as a proportion of risk weighted assets in accordance with the criteria, methodologies, and conditions prescribed by the Bank of Thailand. As announced by the BoT in its circulars dated 8 November 2012 and 17 December 2012, the Bank is required to calculate its Capital Fund in accordance with Basel III. Accordingly, the Bank and its Consolidated Supervision group have adopted Basel III with effect from 1 January 2013, and the figures at 31 December 2012 have been presented on a corresponding basis. As at 31 December 2013 and 2012, the Consolidated Supervision group and the Bank's total capital funds can be categorised as follows:

		Basel III	
		Consolidated Supervision	
		2013	2012
		(in million Baht)	
Tier 1 capital			
Common Equity Tier 1 (CET1)			
Issued and paid-up share capital		33,992	33,992
Premium on share capital		11,124	11,124
Legal reserve		7,000	7,000
Net gain after appropriations		146,282	116,925
Other comprehensive income		16,083	16,184
Capital deduction items on CET1		(5,762)	(5,083)
Total Tier 1 capital		208,719	180,142
Tier 2 capital			
Subordinated debt		40,000	54,000
Allowance for classified assets of “normal” category and excess allowance		19,135	15,568
Total Tier 2 capital		59,135	69,568
Total capital funds		267,854	249,710
Total risk weighted assets		1,738,165	1,545,588
Total capital / Total risk weighted assets	(minimum 8.50%)	15.4%	16.2%
Total Tier 1 capital / Total risk weighted assets	(minimum 6.00%)	12.0%	11.7%
Total Tier 1 common equity / Total risk weighted assets	(minimum 4.50%)	12.0%	11.7%
Total Tier 2 capital / Total risk weighted assets		3.4%	4.5%

		Basel III	
		The Bank	
		2013	2012
		(in million Baht)	
Tier 1 capital			
Common Equity Tier 1 (CET1)			
Issued and paid-up share capital		33,992	33,992
Premium on share capital		11,124	11,124
Legal reserve		7,000	7,000
Net gain after appropriations		140,802	112,930
Other comprehensive income		16,213	16,173
Capital deduction items on CET1		(5,762)	(5,083)
Total Tier 1 capital		203,369	176,136
Tier 2 capital			
Subordinated debt		40,000	54,000
Allowance for classified assets of “normal” category and excess allowance		18,955	15,568
Total Tier 2 capital		58,955	69,568
Total capital funds		262,324	245,704
Total risk weighted assets		1,717,592	1,527,568
Total capital / Total risk weighted assets	(minimum 8.50%)	15.3%	16.1%
Total Tier 1 capital / Total risk weighted assets	(minimum 6.00%)	11.9%	11.5%
Total Tier 1 common equity / Total risk weighted assets	(minimum 4.50%)	11.9%	11.5%
Total Tier 2 capital / Total risk weighted assets		3.4%	4.6%

Disclosures of capital maintenance information under the Notification of the Bank of Thailand number Sor Nor Sor 6/2553 dated 18 June 2010, Consolidated Supervision, the Notification of the Bank of Thailand number Sor Nor Sor 13/2555 dated 8 November 2012, Capital Components for Locally - Registered Commercial Banks, the Notification of the Bank of Thailand number Sor Nor Sor 19/2555 dated 17 December 2012, Consolidated Supervision (#2), the Notification of the Bank of Thailand number Sor Nor Sor 4/2556 dated 2 May 2013, the Public Disclosures of Capital Maintenance for Commercial Banks and the Notification of the Bank of Thailand number Sor Nor Sor 5/2556 dated 2 May 2013, the Public Disclosures of Capital Maintenance for Financial Group, were as follows:

Location of disclosure	The Bank's website under Investor Relations section at http://www.scb.co.th/en/about-scb/investor-relations/financial-information/pillar
Date of disclosure	Within 4 months after the period end as indicated in the notification.
Information as of	31 December 2013

Capital management

The Bank and its subsidiaries policies are to maintain a strong capital base so as to provide a cushion against future uncertainties, engender market confidence in the Bank's robustness and to support business growth. Further, the impact of the level of capital on shareholders' returns is also considered together with the need to maintain a balance between the higher returns that might be possible with higher gearing and the advantages and security afforded by a sound capital position.

The Bank and its subsidiaries have complied with BoT imposed capital requirements throughout the year and, as noted in the table above, its capital level is well in excess of the minimum requirements.

8 Interbank and money market items, net (Assets)

As at 31 December 2013 and 2012, interbank and money market items, net (Assets) were as follows:

	Consolidated					
	Demand	2013 Time	Total	Demand	2012 Time	Total
	<i>(in million Baht)</i>					
Domestic items:						
Bank of Thailand and Financial Institutions Development Fund	11,989	87,700	99,689	12,582	103,300	115,882
Commercial banks	1,652	21,347	22,999	1,627	15,300	16,927
Specialised financial institutions*	-	5,400	5,400	-	1,910	1,910
Other financial institutions**	2,066	13,924	15,990	1,109	9,558	10,667
Total	15,707	128,371	144,078	15,318	130,068	145,386
Add accrued interest receivables	-	138	138	-	109	109
Less allowance for doubtful accounts	-	(276)	(276)	-	(1,198)	(1,198)
Total domestic items	15,707	128,233	143,940	15,318	128,979	144,297
Foreign items:						
US Dollar	6,562	11,606	18,168	3,070	5,150	8,220
Japanese YEN	409	-	409	1,135	-	1,135
Euro	464	-	464	411	-	411
Other currencies	2,966	4,971	7,937	2,713	5,209	7,922
Total	10,401	16,577	26,978	7,329	10,359	17,688
Add accrued interest receivables	-	680	680	-	786	786
Less allowance for doubtful accounts	-	(76)	(76)	-	(16)	(16)
Total foreign items	10,401	17,181	27,582	7,329	11,129	18,458
Total domestic and foreign items	26,108	145,414	171,522	22,647	140,108	162,755

* Specialised financial institutions mean financial institutions which operate under specific development mandates such as the Small and Medium Enterprise Development Bank of Thailand, Bank for Agriculture and Agricultural Co-operatives, Export-Import Bank of Thailand, Government Savings Banks, Government Housings Bank, Islamic Bank of Thailand and Secondary Mortgage Corporation but excluding the Small Business Credit Guarantee Corporation

** Other financial institutions mean financial institutions which have a license to offer interest on loans under the Finance Institution Act and, excluding those itemised separately above, such as Finance companies, Securities companies, Credit foncier companies, Life insurance companies, Cooperatives, the Federation of Savings and Credit Cooperatives of Thailand Limited and the Credit Union League of Thailand Limited

	The Bank					
	2013			2012		
	Demand	Time	Total	Demand	Time	Total
	<i>(in million Baht)</i>					
Domestic items:						
Bank of Thailand and Financial Institutions Development Fund	11,989	87,700	99,689	12,582	103,300	115,882
Commercial banks	1,652	21,347	22,999	1,388	12,100	13,488
Specialised financial institutions*	-	5,000	5,000	-	1,900	1,900
Other financial institutions**	1,689	8,739	10,428	1,110	8,968	10,078
Total	15,330	122,786	138,116	15,080	126,268	141,348
Add accrued interest receivables	-	120	120	-	98	98
Less allowance for doubtful accounts	-	(276)	(276)	-	(1,198)	(1,198)
Total domestic items	15,330	122,630	137,960	15,080	125,168	140,248
Foreign items:						
US Dollar	5,053	7,966	13,019	2,143	2,698	4,841
Japanese YEN	409	-	409	1,135	-	1,135
Euro	464	-	464	411	-	411
Other currencies	2,962	152	3,114	2,709	211	2,920
Total	8,888	8,118	17,006	6,398	2,909	9,307
Add accrued interest receivables	-	1	1	-	2	2
Less allowance for doubtful accounts	-	(76)	(76)	-	(16)	(16)
Total foreign items	8,888	8,043	16,931	6,398	2,895	9,293
Total domestic and foreign items	24,218	130,673	154,891	21,478	128,063	149,541

* Specialised financial institutions mean financial institutions which operate under specific development mandates such as the Small and Medium Enterprise Development Bank of Thailand, Bank for Agriculture and Agricultural Co-operatives, Export-Import Bank of Thailand, Government Savings Banks, Government Housings Bank, Islamic Bank of Thailand and Secondary Mortgage Corporation but excluding the Small Business Credit Guarantee Corporation

** Other financial institutions mean financial institutions which have a license to offer interest on loans under the Finance Institution Act and, excluding those itemised separately above, such as Finance companies, Securities companies, Credit foncier companies, Life insurance companies, Cooperatives, the Federation of Savings and Credit Cooperatives of Thailand Limited and the Credit Union League of Thailand Limited

9 Derivatives

Financial derivatives are financial instruments whose characteristics are derived from fair value of underlying assets, or from interest and exchange rates or indices. The following derivatives are used by the Bank:

1. Forward exchange contracts which are agreements to buy or sell fixed amounts of currency at agreed rates of exchange on a specified future date.
2. Currency and interest rate swaps which are agreements to exchange, and on termination of the swap, re-exchange principal amounts denominated in different currencies and may also involve the exchange of related interest payments.
3. Interest rate swaps which are agreements that involve the exchange of interest obligations for a specified period without exchanging the underlying or notional principal.
4. Equity derivatives which are agreements that determined values based on level of the underlying equity's price or price of equity group or Equity Index.
5. Credit derivatives which are agreements to buy or sell guarantees of credit risk related to the ability to repay underlying assets.
6. Commodity derivatives which are a purchase or a sale of an underlying product or the exchange of cash flow calculated from a reference volume of product multiplied by the agreed price within a period of time and conditions as agreed in the contract.

The Bank has implemented policies to manage the foreign exchange risk and interest rate risk arising from the volatility of foreign exchange rates and interest rates by using derivatives for serving the client's needs as well as the Bank's assets and liabilities management needs. The Bank controls the counterparty risks by setting-up the credit limits, and controls the market risk by setting-up limits for management action triggers, net open position, basis point value, value at risk and management stress triggers.

The total notional amounts of the derivatives at the year end do not represent the risk exposure arising from derivative transactions. The risks arising from derivatives will depend on the changes in the price of each derivative type before maturity of the contract.

As at 31 December 2013 and 2012, the notional amounts of derivatives were as follows:

Consolidated				
2013				
Notional amount				
	Less than	Within	Over	
	1 year	1 - 5 years	5 years	Total
<i>(in million Baht)</i>				
Forward exchange contracts	1,043,276	24,738	21,547	1,089,561
Currency swap contracts	97,723	282,386	116,637	496,746
Interest rate swap contracts	461,053	969,970	206,147	1,637,170
Equity derivatives	122	-	470	592
Commodity derivatives	3,494	-	-	3,494

Consolidated				
2012				
Notional amount				
	Less than	Within	Over	
	1 year	1 - 5 years	5 years	Total
<i>(in million Baht)</i>				
Forward exchange contracts	950,329	19,623	25,696	995,648
Currency swap contracts	37,196	190,181	64,703	292,080
Interest rate swap contracts	470,931	1,021,544	163,137	1,655,612
Equity derivatives	506	613	470	1,589
Commodity derivatives	4,627	-	-	4,627

The Bank				
2013				
Notional amount				
	Less than	Within	Over	
	1 year	1 - 5 years	5 years	Total
<i>(in million Baht)</i>				
Forward exchange contracts	1,043,276	24,738	21,547	1,089,561
Currency swap contracts	97,967	282,686	118,547	499,200
Interest rate swap contracts	461,053	969,970	206,147	1,637,170
Equity derivatives	-	-	470	470
Commodity derivatives	3,494	-	-	3,494

The Bank				
2012				
Notional amount				
	Less than	Within	Over	Total
	1 year	1 - 5 years	5 years	
	(in million Baht)			
Forward exchange contracts	950,329	19,623	25,696	995,648
Currency swap contracts	37,195	190,792	65,040	293,027
Interest rate swap contracts	470,931	1,021,544	163,137	1,655,612
Equity derivatives	484	613	470	1,567
Commodity derivatives	4,627	-	-	4,627

As at 31 December 2013 and 2012, notional amounts, fair value of derivatives held for the trading book and readjustment based on an accrual basis of derivatives held for the banking book classified by type of risk were as follows:

Consolidated						
Type of risk	2013			2012		
	Fair value /		Notional amount	Fair value /		Notional amount
	Readjustment based on			Readjustment based on		
	an accrual basis			an accrual basis		
	Assets	Liabilities	Assets	Liabilities		
(in million Baht)						
Foreign exchange rates	33,731	36,410	1,586,307	16,760	12,636	1,287,728
Interest rate	12,288	10,197	1,637,170	11,346	11,678	1,655,612
Equity derivatives	82	95	592	79	88	1,589
Commodity derivatives	127	124	3,494	575	571	4,627
Total	46,228	46,826	3,227,563	28,760	24,973	2,949,556

The Bank						
Type of risk	2013			2012		
	Fair value /		Notional amount	Fair value /		Notional amount
	Readjustment based on			Readjustment based on		
	an accrual basis			an accrual basis		
	Assets	Liabilities		Assets	Liabilities	
(in million Baht)						
Foreign exchange rates	33,819	36,421	1,588,761	16,773	12,643	1,288,675
Interest rate	12,288	10,197	1,637,170	11,346	11,678	1,655,612
Equity derivatives	81	81	470	88	88	1,567
Commodity derivatives	127	124	3,494	575	571	4,627
Total	46,315	46,823	3,229,895	28,782	24,980	2,950,481

As at 31 December 2013 and 2012, the proportions, determined based on the notional amount of derivatives contracts divided by type of counterparty were as follows:

	Consolidated		The Bank	
	2013	2012	2013	2012
	(%)			
Counterparty				
Financial institutions	75.60	77.71	75.52	77.67
Affiliated companies	-	-	0.11	0.05
Third parties	24.40	22.29	24.37	22.28

10 Investments, net

10.1 Classification of investments in securities

As at 31 December 2013 and 2012, the investments in securities of the Bank and its subsidiaries were classified as follows:

	Consolidated		The Bank	
	2013	2012	2013	2012
	Fair value	Fair value	Fair value	Fair value
	(in million Baht)			
Trading securities				
Government and state enterprise securities	45,118	19,330	45,110	19,330
Corporate debt securities	561	886	561	886
Domestic equity securities	536	27	317	-
Total	46,215	20,243	45,988	20,216

	Consolidated		The Bank	
	2013	2012	2013	2012
	Fair value	Fair value	Fair value	Fair value
	(in million Baht)			
Available-for-sale securities				
Government and state enterprise securities	300,262	292,225	290,823	284,711
Corporate debt securities	19,639	6,273	-	-
Foreign debt securities	935	234	181	234
Domestic equity securities	18,110	25,037	10,672	16,841
Foreign equity securities	2,520	1,601	2,520	1,601
Other securities	3,261	2,380	37	85
Total	344,727	327,750	304,233	303,472

	Consolidated		The Bank	
	2013	2012	2013	2012
	Cost /	Cost /	Cost /	Cost /
	Amortised	Amortised	Amortised	Amortised
	cost	cost	cost	cost
	(in million Baht)			
Held-to-maturity securities				
Government and state enterprise securities	108,698	97,135	17,213	21,720
Corporate debt securities	2,062	9,775	683	778
Foreign debt securities	739	1,163	530	429
Other securities	2,400	2,401	-	-
Total	113,899	110,474	18,426	22,927
Less allowance for impairment	(940)	(924)	(757)	(757)
Total	112,959	109,550	17,669	22,170
	Consolidated		The Bank	
	2013	2012	2013	2012
	Cost	Cost	Cost	Cost
	(in million Baht)			
General investments				
Domestic non-marketable equity securities	545	948	448	910
Foreign non-marketable equity securities	17	17	17	17
Total	562	965	465	927
Less allowance for impairment	(275)	(211)	(187)	(185)
Total	287	754	278	742
Total investments, net	504,188	458,297	368,168	346,600

10.2 Unrealised gains (losses) on available-for-sale securities and held-to-maturity securities

As at 31 December 2013 and 2012, unrealised gains (losses) on available-for-sale securities and held-to-maturity securities were as follows:

Type of securities	Consolidated							
	2013				2012			
	Amortised cost	Unrealised gains	Unrealised losses	Fair value	Amortised cost	Unrealised gains	Unrealised losses	Fair value
<i>(in million Baht)</i>								
Available-for-sale securities	338,030*	7,568	(871)	344,727	318,940*	8,973	(163)	327,750
Held-to-maturity securities	113,899	4,181	(1,246)	116,834	110,474	5,423	(315)	115,582
Total	451,929	11,749	(2,117)	461,561	429,414	14,396	(478)	443,332

Type of securities	The Bank							
	2013				2012			
	Amortised cost	Unrealised gains	Unrealised losses	Fair value	Amortised cost	Unrealised gains	Unrealised losses	Fair value
<i>(in million Baht)</i>								
Available-for-sale securities	297,367*	7,124	(258)	304,233	296,461*	7,082	(71)	303,472
Held-to-maturity securities	18,426	1,294	(1)	19,719	22,927	964	(1)	23,890
Total	315,793	8,418	(259)	323,952	319,388	8,046	(72)	327,362

* Net of allowance for impairment

10.3 Investments in companies with holding of 10% and upwards

As at 31 December 2013 and 2012, investments in mutual funds and financial services companies as well as other companies, other than subsidiaries and associate, of which the Bank and its subsidiaries hold 10% or more other of the fund or the paid-up capital in each company, classified by industry, were as follows:

	Number of companies	Consolidated		The Bank	
		2013	2012	2013	2012
		<i>(in million Baht)</i>			
Mutual funds and financial services	2 - 3	38	11,455	37	11,453
Others	9 - 11	78	76	76	74
		116	11,531	113	11,527

10.4 Investments in companies with problems in their financial positions

As at 31 December 2013 and 2012, the Bank and its subsidiaries held investments in a number of securities issued by companies with problems in their financial positions and operating results. The Bank and its subsidiaries have made a provision for diminution in the value of securities equal to the amount by which the aggregate cost exceeds the aggregate market value. The aggregate carrying value is Baht 98 million (2012: Baht 102 million).

11 Investments in subsidiaries and associate, net

As at 31 December 2013 and 2012, the Bank and its subsidiaries had an investment in associate, net of any impairment provisions, as follows:

					Consolidated				
		Direct and indirect			Investment value				
	Type of business	Type of share	shareholding		Cost method		Equity method		
			2013	2012	2013	2012	2013	2012	
			(%)		(in million Baht)				
Associate									
Finance									
	VinaSiam Bank (Vietnam)	Banking	Ordinary	33.0	33.0	697	697	685	647
Total investments in associate, net						697	697	685	647

As at 31 December 2013 and 2012, the Bank had investments in subsidiaries and associate, net of impairment provisions, as follows:

			The Bank			
			Direct shareholding		Investment value	
			2013	2012	Cost method	2012
			(%)		2013	(in million Baht)
			Type of business	Type of share		
Subsidiaries						
Finance & Insurance						
Cambodian Commercial Bank Ltd.	Banking	Ordinary	100.0	100.0	634	634
Rutchayothin Assets Management Co., Ltd.	Asset management	Ordinary	100.0	100.0	25	25
SCB Securities Co., Ltd.	Securities	Ordinary	100.0	100.0	2,107	2,107
SCB Asset Management Co., Ltd.	Asset management	Ordinary	100.0	100.0	222	222
The Siam Commercial Samaggi Insurance PCL	Insurance	Ordinary	60.9	60.9	967	967
Siam Commercial Leasing PCL	Leasing, hire-purchase, factoring and collection	Ordinary	99.4	99.1	10,779	10,719
SCB Life Assurance PCL	Life insurance	Ordinary	94.7	94.7	9,033	9,033
Services						
SCB Training Centre Co., Ltd.	Training center	Ordinary	100.0	100.0	390	390
Siam Phitiwat Company Limited	Appraisal services	Ordinary	100.0	100.0	10	10
SCB Plus Co., Ltd.	Collection company	Ordinary	100.0	100.0	1	1
Other						
Sor. Or. Kor. Public Company Limited *	Commercial	Ordinary	99.7	99.7	3,765	3,765
Indirect subsidiary						
Mahisorn Co., Ltd.**	Property management	Ordinary	-	-	-	-
Associate						
Finance						
VinaSiam Bank (Vietnam)	Banking	Ordinary	33.0	33.0	697	697
Total					28,630	28,570
Less allowance for impairment					(746)	(667)
Total investments in subsidiaries and associate, net					27,884	27,903

* The entire business has been transferred to the Bank on 1 October 2012, discontinued on 27 November 2012 and being dissolved. (Former name: The Siam Industrial Credit PCL)

** Subsidiary of SCB Plus

All subsidiaries were registered and operate in Thailand except the Cambodian Commercial Bank Ltd., which was registered and operates in Cambodia.

The summarised financial information of associate was as follows:

	2013 (Unaudited)			2012 (Audited)		
	Total assets	Total liabilities	Equity	Total assets	Total liabilities	Equity
	<i>(in million Baht)</i>					
Finance	5,617	3,542	2,075	5,726	3,766	1,960
	<u>5,617</u>	<u>3,542</u>	<u>2,075</u>	<u>5,726</u>	<u>3,766</u>	<u>1,960</u>

	For the years ended 31 December					
	2013 (Unaudited)			2012 (Audited)		
	Revenue	Expenses	Net loss	Revenue	Expenses	Net gain
	<i>(in million Baht)</i>					
Finance	203	227	(24)	223	222	1
	<u>203</u>	<u>227</u>	<u>(24)</u>	<u>223</u>	<u>222</u>	<u>1</u>

As at 31 December 2013 and 2012, the Bank and a subsidiary have equity securities in companies received as a result of troubled debt restructuring, which represent more than 20% of the paid-up capital of each company. The Bank did not record these securities as investments in subsidiaries and associate. These investments were as follows:

	2013 (Unaudited)			
	Shareholding (%)	Total assets	Total liabilities	Equity
	<i>(in million Baht)</i>			
General investments				
Phoenix Land Development Co., Ltd.*	-	-	-	-
Siam Media and Communication Co., Ltd.**	33.3	-	-	-
WTA (Thailand) Co., Ltd.**	25.0	-	-	-

	2012 (Audited)			
	Shareholding (%)	Total assets	Total liabilities	Equity
	<i>(in million Baht)</i>			
General investments				
Phoenix Land Development Co., Ltd.	97.6	141	149	(8)
Siam Media and Communication Co., Ltd.**	33.3	-	-	-
WTA (Thailand) Co., Ltd.**	25.0	-	-	-

* Sold in 2013

** Investments in companies which discontinued operations or in the process of dissolution. Their financial statements have reported balances which have no material impact on the Bank's financial statements.

	For the years ended 31 December					
	2013			2012		
	(Unaudited)			(Audited)		
	Revenue	Expenses	Net gain	Revenue	Expenses	Net loss
	<i>(in million Baht)</i>					
General investments						
Phoenix Land Development Co., Ltd.	-	-	-	5	11	(6)

12 Loans to customers and accrued interest receivables, net

12.1 Classified by product as at 31 December 2013 and 2012

	Consolidated		The Bank	
	2013	2012	2013	2012
	<i>(in million Baht)</i>			
Overdrafts	110,356	89,593	109,988	89,287
Loans	1,104,948	970,008	1,100,042	966,361
Bills	284,139	275,491	284,139	275,491
Finance leases	213,104	192,862	212,728	191,709
Others	46,417	40,831	44,737	38,948
Less deferred revenue	(23,683)	(21,299)	(23,638)	(21,154)
Total loans to customers, net	1,735,281	1,547,486	1,727,996	1,540,642
Add accrued interest receivables	4,132	3,463	3,927	3,309
Total loans to customers and accrued interest receivables, net	1,739,413	1,550,949	1,731,923	1,543,951
Less allowance for doubtful accounts				
- allowance established per BoT regulations				
- Individual approach	(34,120)	(30,709)	(32,977)	(29,488)
- Collective approach	(4,814)	(3,785)	(4,622)	(3,277)
- allowance established in excess of BoT regulations	(21,008)	(17,016)	(21,005)	(16,975)
Less revaluation of allowance for debt restructuring	(374)	(446)	(374)	(446)
Total	1,679,097	1,498,993	1,672,945	1,493,765

For finance lease receivables, since 1 September 2012, the Bank used the collective approach method.

12.2 Classified by currency and residential status of customers as at 31 December 2013 and 2012

	Consolidated					
	2013			2012		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in million Baht)</i>					
Baht	1,599,384	-	1,599,384	1,437,885	2	1,437,887
US Dollar	99,615	31,557	131,172	76,327	28,002	104,329
Other currencies	4,725	-	4,725	5,266	4	5,270
Total			1,735,281			1,547,486

	The Bank					
	2013			2012		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in million Baht)</i>					
Baht	1,593,729	-	1,593,729	1,431,969	-	1,431,969
US Dollar	99,615	29,927	129,542	76,327	27,080	103,407
Other currencies	4,725	-	4,725	5,266	-	5,266
Total			1,727,996			1,540,642

12.3 Classified by business type and quality of loan classification as at 31 December 2013 and 2012

	Consolidated											
	2013						2012					
	Special		Sub-	Doubtful		Total *	Special		Sub-	Doubtful		Total *
	Normal	Mention	Standard	Doubtful	Loss		Normal	Mention	Standard	Doubtful	Loss	
	(in million Baht)											
Agriculture and mining	19,688	311	44	61	33	20,137	12,443	113	35	270	28	12,889
Manufacturing and Commercial	577,005	10,048	4,004	2,135	11,175	604,367	499,056	4,532	2,307	913	13,088	519,896
Real estate and Construction	122,686	618	221	85	2,417	126,027	109,405	3,317	212	40	2,528	115,502
Utilities and services	216,358	1,147	882	915	1,352	220,654	195,459	1,935	2,243	392	953	200,982
Housing loans	407,494	8,362	3,381	2,497	3,331	425,065	356,819	7,137	2,551	1,894	2,853	371,254
Others	318,694	12,878	3,459	1,511	2,489	339,031	313,291	8,106	2,502	954	2,110	326,963
Total *	1,661,925	33,364	11,991	7,204	20,797	1,735,281	1,486,473	25,140	9,850	4,463	21,560	1,547,486
	The Bank											
	2013						2012					
	Special		Sub-	Doubtful		Total *	Special		Sub-	Doubtful		Total *
	Normal	Mention	Standard	Doubtful	Loss		Normal	Mention	Standard	Doubtful	Loss	
	(in million Baht)											
Agriculture and mining	19,587	311	44	61	33	20,036	12,394	113	35	270	28	12,840
Manufacturing and Commercial	576,019	10,048	4,004	2,135	11,175	603,381	498,466	4,532	2,306	914	13,066	519,284
Real estate and Construction	122,682	618	221	85	1,349	124,955	109,402	3,316	212	40	1,452	114,422
Utilities and services	215,824	1,147	882	915	1,352	220,120	195,178	1,936	2,242	392	953	200,701
Housing loans	407,489	8,362	3,381	2,497	3,331	425,060	356,814	7,137	2,551	1,894	2,853	371,249
Others	314,807	12,869	3,457	1,510	1,801	334,444	309,744	8,020	2,488	943	951	322,146
Total *	1,656,408	33,355	11,989	7,203	19,041	1,727,996	1,481,998	25,054	9,834	4,453	19,303	1,540,642

* Net of deferred revenue, excludes accrued interest receivables

12.4 Finance leases

As at 31 December 2013 and 2012, the Bank and its subsidiaries had finance leases as follows:

Consolidated								
	2013			Total	2012			Total
	Amount due				Amount due			
	Less than 1 year	1-5 years	Over 5 years		Less than 1 year	1-5 years	Over 5 years	
(in million Baht)								
Total of gross investments in the lease	62,187	147,607	3,310	213,104	53,009	135,644	4,209	192,862
Less deferred revenue				(23,499)				(20,933)
Present value of the lease payments				189,605				171,929
Allowance for doubtful accounts				(4,814)				(3,757)
Finance leases, net				184,791				168,172
The Bank								
	2013			Total	2012			Total
	Amount due				Amount due			
	Less than 1 year	1-5 years	Over 5 years		Less than 1 year	1-5 years	Over 5 years	
(in million Baht)								
Total of gross investments in the lease	61,811	147,607	3,310	212,728	51,934	135,566	4,209	191,709
Less deferred revenue				(23,455)				(20,898)
Present value of the lease payments				189,273				170,811
Allowance for doubtful accounts				(4,622)				(3,683)
Finance leases, net				184,651				167,128

12.5 Loans to listed companies identified for delisting

	Consolidated							
	2013				2012			
	Loans and accrued interest		Amount of		Loans and accrued interest		Amount of	
	No. of companies	receivables* (in million Baht)	Collateral	provision	No. of companies	receivables* (in million Baht)	Collateral	provision
Listed companies identified for delisting	3	3,175	1,964	1,024	5	3,326	686	3,334

	The Bank							
	2013				2012			
	Loans and accrued interest		Amount of		Loans and accrued interest		Amount of	
	No. of companies	receivables*	Collateral	provision	No. of companies	receivables*	Collateral	provision
	<i>(in million Baht)</i>				<i>(in million Baht)</i>			
Listed companies identified for delisting	3	3,175	1,964	1,024	5	3,326	686	3,334

* Including loans to financial institutions but excluding other expenses

12.6 Non-Performing Loans

As at 31 December 2013 and 2012, the Bank used the guidelines specified in the BoT's notification dated 3 August 2008 in determining Non-Performing Loans which consist of loans classified as sub-standard, doubtful, doubtful loss and loss under the BoT's guideline. The amounts were as follows:

	Consolidated		The Bank	
	2013	2012	2013	2012
	(in million Baht)			
Non-Performing Loans (net of allowance for doubtful accounts)	19,497	17,006	19,033	16,433
% of Non-Performing Loans to total loans (net)	1.1	1.0	1.0	1.0
Non-Performing Loans (gross)	39,992	35,873	38,233	33,590
% of Non-Performing Loans to total loans	2.1	2.1	2.1	2.0

As at 31 December 2013, Rutchayothin Assets Management Co., Ltd. which is a subsidiary of the Bank, had Non-Performing Loans of Baht 489 million (2012: Baht 489 million). However, the Non-Performing Loans based on principal of loan purchased from the group as at 31 December 2013 was Baht 1,068 million (2012: Baht 1,098 million).

12.7 Non-accrual loans

Non-accrual loans, gross, (including loans to financial institutions) as at 31 December 2013 and 2012 were as follows:

	Consolidated		The Bank	
	2013	2012	2013	2012
	<i>(in million Baht)</i>			
Loans where recognition of income has been suspended	56,315	57,842	54,556	56,169
% of loans where recognition of income has been suspended	3.0	3.4	2.9	3.4

12.8 Classified assets

The Bank and its subsidiaries had classified assets as at 31 December 2013 and 2012 as follows:

Consolidated						
2013						
	Loans and accrued interest receivables*	Loans to financial institutions and accrued interest receivables	Investments	Properties for sale	Other assets	Total
	<i>(in million Baht)</i>					
Normal	1,665,762	133,926	-	-	32	1,799,720
Special Mention	33,588	-	-	-	1	33,589
Sub-Standard	12,035	-	-	-	1	12,036
Doubtful	7,204	-	-	-	2	7,206
Doubtful Loss	20,824	-	2,567	1,329	1,181	25,901
	<u>1,739,413</u>	<u>133,926</u>	<u>2,567</u>	<u>1,329</u>	<u>1,217</u>	<u>1,878,452</u>

* Net of deferred revenue

Consolidated						
2012						
	Loans and accrued interest receivables*	Loans to financial institutions and accrued interest receivables	Investments	Properties for sale	Other assets	Total
	<i>(in million Baht)</i>					
Normal	1,489,739	136,285	-	-	33	1,626,057
Special Mention	25,278	-	-	-	2	25,280
Sub-Standard	9,878	-	-	-	1	9,879
Doubtful	4,463	-	-	-	1	4,464
Doubtful Loss	21,591	-	1,479	775	793	24,638
	1,550,949	136,285	1,479	775	830	1,690,318

The Bank						
2013						
	Loans and accrued interest receivables*	Loans to financial institutions and accrued interest receivables	Investments	Properties for sale	Other assets	Total
	<i>(in million Baht)</i>					
Normal	1,660,067	128,431	-	-	32	1,788,530
Special Mention	33,579	-	-	-	1	33,580
Sub-Standard	12,033	-	-	-	1	12,034
Doubtful	7,203	-	-	-	2	7,205
Doubtful Loss	19,041	-	2,369	1,319	651	23,380
	1,731,923	128,431	2,369	1,319	687	1,864,729

* Net of deferred revenue

The Bank						
2012						
	Loans and accrued interest receivables*	Loans to financial institutions and accrued interest receivables	Investments	Properties for sale	Other assets	Total
	(in million Baht)					
Normal	1,485,140	130,505	-	-	33	1,615,678
Special Mention	25,192	-	-	-	2	25,194
Sub-Standard	9,863	-	-	-	1	9,864
Doubtful	4,453	-	-	-	1	4,454
Doubtful Loss	19,303	-	1,817	767	600	22,487
	<u>1,543,951</u>	<u>130,505</u>	<u>1,817</u>	<u>767</u>	<u>637</u>	<u>1,677,677</u>

* Net of deferred revenue

12.9 Allowance for doubtful accounts

12.9.1 Loans classified by quality as at 31 December 2013 and 2012 (inclusive of accrued interest receivables)

Consolidated							
2013							
	Individual approach (All loans except for finance leases)				Collective approach (Finance leases)		
	Net amount used to set				Net amount used to set		
	Loans and accrued interest receivables	the allowance for doubtful accounts	% used for setting the allowance	Allowance for doubtful accounts***	the allowance for doubtful accounts	Allowance for doubtful accounts***	Total
	(in million Baht)				(in million Baht)		
Minimum allowance of BoT regulations							
- Normal	1,665,762	1,449,830*	1	14,460	176,155	1,851	16,311
- Special Mention	33,588	24,179*	2	484	9,045	1,349	1,833
- Sub - Standard	12,035	5,394**	100	5,394	1,397	478	5,872
- Doubtful	7,204	1,906**	100	1,906	948	326	2,232
- Doubtful Loss	20,824	11,876**	100	11,876	2,060	810	12,686
Total	1,739,413	1,493,185		34,120	189,605	4,814	38,934
Allowance established in excess of BoT regulations							21,008
Total							59,942

* Net of cash and near cash collateral

** Net of PV cashflow from loan receivables or selling collateral

*** Excluding revaluation allowance for troubled debt restructuring

Consolidated							
2012							
	Individual approach (All loans except for finance leases)				Collective approach (Finance leases)		Total
	Net amount used to set			Allowance for doubtful accounts***	Net amount used to set		
	Loans and accrued interest receivables (in million Baht)	the allowance for doubtful accounts	% used for setting the allowance		the allowance for doubtful accounts	Allowance for doubtful accounts*** (in million Baht)	
Minimum allowance of BoT regulations							
- Normal	1,489,739	1,279,928*	1	12,774	163,499	1,510	14,284
- Special Mention	25,278	18,968*	2	379	5,766	832	1,211
- Sub - Standard	9,878	3,684**	100	3,684	1,145	415	4,099
- Doubtful	4,463	1,304**	100	1,304	648	237	1,541
- Doubtful Loss	21,591	12,568**	100	12,568	1,528	791	13,359
Total	<u>1,550,949</u>	<u>1,316,452</u>		<u>30,709</u>	<u>172,586</u>	<u>3,785</u>	<u>34,494</u>
Allowance established in excess of BoT regulations							17,016
Total							<u>51,510</u>

* Net of cash and near cash collateral

** Net of PV cashflow from loan receivables or selling collateral

*** Excluding revaluation allowance for troubled debt restructuring

The Bank							
2013							
	Individual approach (All loans except for finance leases)				Collective approach (Finance leases)		Total
	Net amount used to set			Allowance for doubtful accounts***	Net amount used to set		
	Loans and accrued interest receivables	the allowance for doubtful accounts	% used for setting the allowance		the allowance for doubtful accounts	Allowance for doubtful accounts***	
(in million Baht)				(in million Baht)			
Minimum allowance of BoT regulations							
- Normal	1,660,067	1,444,355*	1	14,444	176,113	1,851	16,295
- Special Mention	33,579	24,179*	2	484	9,037	1,349	1,833
- Sub - Standard	12,033	5,394**	100	5,394	1,395	477	5,871
- Doubtful	7,203	1,906**	100	1,906	947	325	2,231
- Doubtful Loss	19,041	10,749**	100	10,749	1,781	620	11,369
Total	<u>1,731,923</u>	<u>1,486,583</u>		<u>32,977</u>	<u>189,273</u>	<u>4,622</u>	<u>37,599</u>
Allowance established in excess of BoT regulations							21,005
Total							<u>58,604</u>

* Net of cash and near cash collateral

** Net of PV cashflow from loan receivables or selling collateral

*** Excluding revaluation allowance for troubled debt restructuring

The Bank							
2012							
	Individual approach (All loans except for finance leases)				Collective approach (Finance leases)		Total
	Net amount used to set			Allowance for doubtful accounts***	Net amount used to set		
	Loans and accrued interest receivables (in million Baht)	the allowance for doubtful accounts	% used for setting the allowance		the allowance for doubtful accounts	Allowance for doubtful accounts*** (in million Baht)	
Minimum allowance of BoT regulations							
- Normal	1,485,140	1,276,420*	1	12,764	162,531	1,510	14,274
- Special Mention	25,192	18,968*	2	380	5,681	831	1,211
- Sub - Standard	9,863	3,684**	100	3,684	1,129	404	4,088
- Doubtful	4,453	1,304**	100	1,304	638	229	1,533
- Doubtful Loss	19,303	11,356**	100	11,356	832	303	11,659
Total	<u>1,543,951</u>	<u>1,311,732</u>		<u>29,488</u>	<u>170,811</u>	<u>3,277</u>	<u>32,765</u>
Allowance established in excess of BoT regulations							16,975
Total							<u>49,740</u>

* Net of cash and near cash collateral

** Net of PV cashflow from loan receivables or selling collateral

*** Excluding revaluation allowance for troubled debt restructuring

Based on management's assessment of the ultimate collectability of the Bank's consolidated loan portfolio, the Bank and its subsidiaries believe that the allowances for doubtful accounts established were adequate as at 31 December 2013 and 2012 and in compliance with the BoT's guidelines. The aggregate allowance is based on both quantitative criteria noted above and management judgment of qualitative criteria.

12.9.2 Changes to the allowance for doubtful accounts

As at 31 December 2013 and 2012, the changes to the allowance for doubtful accounts were as follows:

Consolidated							
2013							
	Normal	Special Mention	Sub - Standard	Doubtful	Doubtful Loss	Allowance established in excess of BoT regulations	Total
<i>(in million Baht)</i>							
As at 1 January 2013	14,284	1,211	4,099	1,541	13,359	17,016	51,510
Bad debt and doubtful accounts	2,026	622	1,773	691	6,651	3,832	15,595
Bad debts written off	-	-	-	-	(7,123)	-	(7,123)
Others	1	-	-	-	(201)	160	(40)
As at 31 December 2013	16,311	1,833	5,872	2,232	12,686	21,008	59,942

Consolidated							
2012							
	Normal	Special Mention	Sub - Standard	Doubtful	Doubtful Loss	Allowance established in excess of BoT regulations	Total
<i>(in million Baht)</i>							
As at 1 January 2012	11,938	144	3,033	4,819	11,323	14,148	45,405
Bad debt and doubtful accounts	2,369	1,076	1,349	(3,394)	6,196	2,467	10,063
Bad debts written off	-	-	-	-	(4,145)	-	(4,145)
Others	(23)	(9)	(283)	116	(15)	401	187
As at 31 December 2012	14,284	1,211	4,099	1,541	13,359	17,016	51,510

The Bank							
2013							
						Allowance established in excess of BoT regulations	Total
	Normal	Special Mention	Sub - Standard	Doubtful	Doubtful Loss		
<i>(in million Baht)</i>							
As at 1 January 2013	14,274	1,211	4,088	1,533	11,659	16,975	49,740
Bad debt and doubtful accounts	2,021	622	1,783	698	6,650	3,870	15,644
Bad debts written off	-	-	-	-	(6,940)	-	(6,940)
Others	-	-	-	-	-	160	160
As at 31 December 2013	16,295	1,833	5,871	2,231	11,369	21,005	58,604

The Bank							
2012							
						Allowance established in excess of BoT regulations	Total
	Normal	Special Mention	Sub - Standard	Doubtful	Doubtful Loss		
<i>(in million Baht)</i>							
As at 1 January 2012	11,857	115	2,528	4,435	8,601	13,798	41,334
Transfer from business combination	43	16	211	488	973	72	1,803
Bad debt and doubtful accounts	2,374	1,080	1,349	(3,390)	6,092	2,983	10,488
Bad debts written off	-	-	-	-	(4,007)	-	(4,007)
Others	-	-	-	-	-	122	122
As at 31 December 2012	14,274	1,211	4,088	1,533	11,659	16,975	49,740

13 Troubled debt restructuring

The financial statements for the years ended 31 December 2013 and 2012, include the result of various types of troubled debt restructuring as follows:

Types of debt restructuring	Consolidated								
	No. of		Outstanding debts				Transferred assets		
	accounts		Before debt restructuring		After debt restructuring		Types	Fair value	
	2013	2012	2013	2012	2013	2012		2013	2012
			<i>(in million Baht)</i>					<i>(in million Baht)</i>	
Transfers of assets	2	20	22	314	22	299	Immovable properties	19	278
Debt restructuring in various forms	1,044	550	10,017	3,992	10,012	3,992	Immovable properties	-	1
Changes of repayment conditions	6,628	3,441	9,571	5,819	9,518	5,783			
Total	7,674	4,011	19,610	10,125	19,552	10,074			

Types of debt restructuring	The Bank								
	No. of		Outstanding debts				Transferred assets		
	accounts		Before debt restructuring		After debt restructuring		Types	Fair value	
	2013	2012	2013	2012	2013	2012		2013	2012
			<i>(in million Baht)</i>					<i>(in million Baht)</i>	
Transfers of assets	2	20	22	314	22	299	Immovable properties	19	278
Debt restructuring in various forms	1,044	550	10,017	3,992	10,012	3,992	Immovable properties	-	1
Changes of repayment conditions	6,628	3,428	9,571	5,817	9,518	5,781			
Total	7,674	3,998	19,610	10,123	19,552	10,072			

As at 31 December 2013 and 2012, troubled debt restructuring compared with total loans including loans to financial institutions were as follows:

	Consolidated			
	2013		2012	
	No. of	Outstanding	No. of	Outstanding
	accounts	debts	accounts	debts
		(in million Baht)		(in million Baht)
Troubled debt restructuring during the year	7,674	19,610	4,011	10,125
Total loans including loans to financial institutions	994,548	1,873,340	848,124	1,686,452

	The Bank			
	2013		2012	
	No. of	Outstanding	No. of	Outstanding
	accounts	debts	accounts	debts
		(in million Baht)		(in million Baht)
Troubled debt restructuring during the year	7,674	19,610	3,998	10,123
Total loans including loans to financial institutions	923,223	1,860,354	787,903	1,674,456

The average term of troubled debt restructuring as of 31 December 2013 is 12.3 years (2012: 11.7 years).

As at 31 December 2013 and 2012, the Bank and its subsidiaries had outstanding balances relating to restructured loans as follows:

	Consolidated		The Bank	
	2013	2012	2013	2012
	(in million Baht)			
Restructured loans which are classified as NPL	9,947	7,846	9,947	7,845
Restructured loans which are not classified as NPL	27,158	24,888	27,158	24,888
Total	37,105	32,734	37,105	32,733

Supplementary information relating to restructuring debtors for the years ended 31 December 2013 and 2012 were as follows:

	Consolidated		The Bank	
	2013	2012	2013	2012
	(in million Baht)			
Interest income recognised in statement of comprehensive income	2,368	1,795	2,368	1,795
Loss on debt restructuring recognised in statement of comprehensive income	13	7	13	7
Cash collection	8,959	10,445	8,959	10,444

Revaluation allowance for debt restructuring

As at 31 December 2013 and 2012, the changes to the revaluation allowance for debt restructuring were as follows:

	Consolidated		The Bank	
	2013	2012	2013	2012
	<i>(in million Baht)</i>			
As at 1 January	446	590	446	562
Transfer from business combination	-	-	-	28
Decrease during the year	(72)	(144)	(72)	(144)
As at 31 December	374	446	374	446

14 Disclosure of the statement of cash flows of the asset management company

In accordance with the BoT's letter number Sor Nor Sor (01) Wor 3258/2543 dated 27 November 2000, relating to the regulations of the asset management company ("AMC"), the Bank is required to disclose the statements of cash flows of the AMC in the notes to the financial statements. The statement of cash flows of Rutchayothin Assets Management Co., Ltd. was as follows:

Rutchayothin Assets Management Co., Ltd. Statement of cash flows

	For the years ended	
	31 December	
	2013	2012
	(Unaudited)	(Audited)
	<i>(in million Baht)</i>	
Cash flows from operating activities		
Profit (loss) before tax	44	(96)
Net interest expense	22	19
Interest paid	-	11
Income tax paid	-	(23)
Income (loss) from operations before changes in operating assets and liabilities	66	(89)
<i>(Increase) decrease in operating assets</i>		
Intercompany and money market items	44	125
Investment	4	129
Properties for sale	1	11
Other assets	-	(1)
<i>Increase (decrease) in operating liabilities</i>		
Short-term debt issued	(117)	(172)
Accrued expense	2	(3)
Net cash from operating activities	-	-
Net increase in cash	-	-
Cash at 1 January	-	-
Cash at 31 December	-	-

15 Properties for sale, net

As at 31 December 2013 and 2012, the changes to the properties for sale, net were as follows:

	Consolidated			Ending balance
	Beginning balance	2013		
		Additions	Disposals	
	(in million Baht)			
Foreclosed assets				
Immovable assets	9,997	2,360	(2,796)	9,561
Movable assets	355	5,959	(5,195)	1,119
Total	10,352	8,319	(7,991)	10,680
Others	132	895	(729)	298
Total properties for sale	10,484	9,214	(8,720)	10,978
Less allowance for impairment	(1,028)	(568)	268	(1,328)
Total properties for sale, net	9,456	8,646	(8,452)	9,650

	Consolidated			
	2012			
	Beginning	Additions	Disposals	Ending
	balance			balance
	(in million Baht)			
Foreclosed assets				
Immovable assets	12,721	1,743	(4,467)	9,997
Movable assets	168	2,743	(2,556)	355
Total	12,889	4,486	(7,023)	10,352
Others	65	170	(103)	132
Total properties for sale	12,954	4,656	(7,126)	10,484
Less allowance for impairment	(1,189)	(62)	223	(1,028)
Total properties for sale, net	11,765	4,594	(6,903)	9,456

The Bank				
2013				
	Beginning balance	Additions	Disposals	Ending balance
	<i>(in million Baht)</i>			
Foreclosed assets				
Immovable assets	9,980	2,360	(2,795)	9,545
Movable assets	343	5,931	(5,163)	1,111
Total	10,323	8,291	(7,958)	10,656
Others	133	895	(729)	299
Total properties for sale	10,456	9,186	(8,687)	10,955
Less allowance for impairment	(1,018)	(568)	267	(1,319)
Total properties for sale, net	9,438	8,618	(8,420)	9,636

The Bank					
2012					
	Beginning balance	Transfer from business combination	Additions	Disposals	Ending balance
	(in million Baht)				
Foreclosed assets					
Immovable assets	12,540	79	1,742	(4,381)	9,980
Movable assets	123	39	2,463	(2,282)	343
Total	12,663	118	4,205	(6,663)	10,323
Others	66	-	170	(103)	133
Total properties for sale	12,729	118	4,375	(6,766)	10,456
Less allowance for impairment	(1,156)	(18)	(53)	209	(1,018)
Total properties for sale, net	11,573	100	4,322	(6,557)	9,438

Gains (losses) on sales of properties for sale recognised in the consolidated statement of comprehensive income for the years ended 31 December 2013 and 2012 are loss of Baht 411 million and gain of Baht 131 million respectively, and for the Bank's statement of comprehensive income are loss of Baht 637 million and gain of Baht 153 million, respectively.

Immovable assets for sale classified by external and internal appraisers as at 31 December 2013 and 2012 were as follows:

Consolidated		The Bank	
2013	2012	2013	2012
<i>(in million Baht)</i>			
Foreclosed assets			
Immovable assets			
Appraised by external appraisers	7	8	-
Appraised by internal appraisers	9,554	9,989	9,545
Total	9,561	9,997	9,545

16 Premises and equipment, net

As at 31 December 2013 and 2012, the changes to the premises and equipment, net were as follows:

Consolidated									
2013									
	Beginning balance	Additions/Transfer in	Cost Disposals/Transfer out	Others	Ending balance	Beginning balance	Accumulated depreciation		Allowance for impairment
							Depreciation	Disposals	Others
							<i>(in million Baht)</i>		
									Ending balance
									Net balance
Land									
Cost	6,239	-	(3)	3	6,239	-	-	-	(352)
Appraisal *	7,856	257	-	-	8,113	-	-	-	-
Premises									
Cost	14,799	199	(156)	12	14,854	(6,908)	(411)	145	(8)
Appraisal *	8,847	25	-	-	8,872	(655)	(294)	-	(949)
Equipment	20,506	1,952	(887)	2	21,573	(15,119)	(1,541)	646	(2)
Others	334	1,770	(1,726)	-	378	-	-	-	-
Total	58,581	4,203	(2,772)	17	60,029	(22,682)	(2,246)	791	(10)
									(24,147)
									(507)
									35,375

* Appraisal increase in year 2010 for the Bank and year 2013 for its subsidiaries

Depreciation presented in the consolidated profit or loss for the years ended 31 December 2013 and 2012 amounted to Baht 2,246 million and Baht 2,234 million, respectively.

Consolidated													
2012													
		Cost			Accumulated depreciation				Allowance				
		Beginning balance	Additions/ Transfer in	Disposals/ Transfer out	Others	Ending balance	Beginning balance	Depreciation	Disposals	Others	Ending balance	for impairment	Net balance
(in million Baht)													
Land													
Cost		6,246	4	(9)	(2)	6,239	-	-	-	-	-	(352)	5,887
Appraisal *		7,859	-	(3)	-	7,856	-	-	-	-	-	-	7,856
Premises													
Cost		15,034	292	(524)	(3)	14,799	(7,004)	(408)	497	7	(6,908)	(154)	7,737
Appraisal *		8,848	-	(1)	-	8,847	(367)	(288)	-	-	(655)	-	8,192
Equipment		18,583	2,846	(907)	(16)	20,506	(14,340)	(1,538)	747	12	(15,119)	-	5,387
Others		447	1,982	(2,095)	-	334	-	-	-	-	-	-	334
Total		57,017	5,124	(3,539)	(21)	58,581	(21,711)	(2,234)	1,244	19	(22,682)	(506)	35,393

* Appraisal increase in year 2010 for the Bank and year 2013 for its subsidiaries

The gross amount of the Bank and its subsidiaries' fully depreciated premises and equipment that were still in use as at 31 December 2013 amounted to Baht 15,705 million (2012: Baht 14,074 million).

The Bank

2013

	Beginning balance	Additions/ Transfer in	Cost		Ending balance	Accumulated depreciation				Ending balance	Allowance for impairment		Net balance	
			Disposals/ Transfer out	Others		Beginning balance	Depreciation	Disposals	Others		impairment	balance		
(in million Baht)														
Land														
Cost	5,673	-	(3)	-	5,670	-	-	-	-	-	-	(351)	-	5,319
Appraisal *	7,504	-	-	-	7,504	-	-	-	-	-	-	-	-	7,504
Premises														
Cost	14,160	196	(156)	4	14,204	(6,348)	(400)	145	(2)	(6,605)	(137)	-	-	7,462
Appraisal *	8,714	-	-	-	8,714	(632)	(279)	-	-	(911)	-	-	-	7,803
Equipment	19,076	1,823	(791)	2	20,110	(14,038)	(1,414)	551	(1)	(14,902)	-	-	-	5,208
Others	334	1,770	(1,726)	-	378	-	-	-	-	-	-	-	-	378
Total	55,461	3,789	(2,676)	6	56,580	(21,018)	(2,093)	696	(3)	(22,418)	(488)	-	-	33,674

* Appraisal increase in year 2010

Depreciation presented in the Bank's profit or loss for the years ended 31 December 2013 and 2012 amounted to Baht 2,093 million and Baht 2,070 million, respectively.

The Bank											
2012											
	Beginning balance	Cost		Others	Ending balance	Beginning balance	Accumulated depreciation			Allowance for impairment	Net balance
		Additions/	Disposals/				Depreciation	Disposals	Others		
		Transfer in	Transfer out								
(in million Baht)											
Land											
Cost	5,675	4	(9)	3	5,673	-	-	-	-	(351)	5,322
Appraisal *	7,507	-	(3)	-	7,504	-	-	-	-	-	7,504
Premises											
Cost	14,271	291	(452)	50	14,160	(6,366)	(393)	446	(35)	(137)	7,675
Appraisal *	8,715	-	(1)	-	8,714	(353)	(279)	-	-	(632)	8,082
Equipment	16,954	2,710	(670)	82	19,076	(13,093)	(1,398)	535	(82)	(14,038)	5,038
Others	447	1,982	(2,095)	-	334	-	-	-	-	-	334
Total	53,569	4,987	(3,230)	135	55,461	(19,812)	(2,070)	981	(117)	(21,018)	33,955

* Appraisal increase in year 2010

The gross amount of the Bank's fully depreciated premises and equipment that were still in use as at 31 December 2013 amounted to Baht 14,483 million (2012: Baht 13,051 million).

17 Goodwill and other intangible assets, net

As at 31 December 2013 and 2012, the changes to the goodwill and other intangible assets, net were as follows:

	Consolidated						
	2013						
	Beginning balance	Additions/Transfer in	Cost Disposals/Transfer out	Others	Ending balance	Beginning balance	Accumulated amortisation Disposals Others Ending balance Net balance
							<i>(in million Baht)</i>
Goodwill	9,669	-	-	-	9,669	-	- - 9,669
Software licenses	4,935	564	-	-	5,499	(3,215)	(530) - (3,745) 1,754
Others	34	1	-	-	35	(3)	(1) - (4) 31
Total	14,638	565	-	-	15,203	(3,218)	(531) - (3,749) 11,454

Amortisation presented in the consolidated profit or loss for the years ended 31 December 2013 and 2012 amounted to Baht 531 million and Baht 494 million, respectively.

	Consolidated						
	2012						
	Beginning balance	Additions/Transfer in	Cost Disposals/Transfer out	Others	Ending balance	Beginning balance	Accumulated amortisation Disposals Others Ending balance Net balance
							<i>(in million Baht)</i>
Goodwill	9,669	-	-	-	9,669	-	- - 9,669
Software licenses	4,312	1,047	(423)	(1)	4,935	(2,777)	(491) 57 (4) (3,215) 1,720
Others	52	7	(3)	(22)	34	-	(3) - (3) 31
Total	14,033	1,054	(426)	(23)	14,638	(2,777)	(494) 57 (4) (3,218) 11,420

The gross amount of the Bank and its subsidiaries' fully amortised intangible assets that were still in use as at 31 December 2013 amounted to Baht 1,838 million (2012: Baht 1,580 million).

The Bank									
2013									
	Cost			Accumulated amortisation					
	Beginning balance	Additions/ Transfer in	Disposals/ Transfer out	Others	Ending balance	Beginning balance	Ending balance		
								Amortisations	Net balance
(in million Baht)									
Software licenses	4,374	409	-	-	4,783	(2,895)	(473)	(3,368)	1,415
Total	4,374	409	-	-	4,783	(2,895)	(473)	(3,368)	1,415

Amortisation presented in the Bank's profit or loss for the years ended 31 December 2013 and 2012 amounted to Baht 473 million and Baht 438 million, respectively.

The Bank 2012						
	Cost			Accumulated amortisation		
	Beginning balance	Additions/ Transfer in	Disposals/ Transfer out	Others	Ending balance	Beginning balance
						Ending balance
						Net balance
	(in million Baht)					
Software licenses	3,729	1,008	(372)	9	4,374	(2,457)
						(438)
						(2,895)

The gross amount of the Bank's fully amortised intangible assets that were still in use as at 31 December 2013 amounted to Baht 1,731 million (2012: Baht 1,488 million).

18 Assets pending transfer

As at 31 December 2013 and 2012, assets pending transfer were as follows:

	Consolidated		The Bank	
	2013	2012	2013	2012
	<i>(in million Baht)</i>			
Pending for E-Banking receivables	2,853	1,678	2,853	1,678
Prepayment of option premium	843	495	843	495
Sundry receivables	838	10,362	838	10,362
Others	175	126	175	126
Total	4,709	12,661	4,709	12,661

19 Other assets, net

As at 31 December 2013 and 2012, other assets, net were as follows:

	Consolidated		The Bank	
	2013	2012	2013	2012
	<i>(in million Baht)</i>			
Collateral per Credit Support Annex	16,500	989	16,500	989
Securities business receivables and receivables from clearing house	3,277	3,430	-	-
Accrued interest on investment and interest rate product	2,604	2,163	1,510	1,194
Net inter-account balance	1,751	1,558	1,753	1,528
Receivables from disposal of assets	865	798	865	798
Accrued service income	416	936	1,421	1,613
Premium receivables	395	266	395	266
Others	5,047	5,791	2,723	3,385
Total	30,855	15,931	25,167	9,773

20 Deposits

20.1 Classified by product as at 31 December 2013 and 2012:

	Consolidated		The Bank	
	2013	2012	2013	2012
	<i>(in million Baht)</i>			
Demand	55,627	51,730	53,713	52,024
Savings	842,959	789,048	843,023	789,303
Fixed				
- Less than 6 months	204,192	170,408	203,862	170,241
- 6 months and less than 1 year	293,528	319,637	293,525	319,635
- Over 1 year	426,605	283,236	426,605	283,386
Total	1,822,911	1,614,059	1,820,728	1,614,589

20.2 Classified by currency and residence of customer as at 31 December 2013 and 2012:

	Consolidated					
	2013			2012		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in million Baht)</i>					
Baht	1,783,050	378	1,783,428	1,570,624	466	1,571,090
US Dollar	24,134	13,745	37,879	24,071	12,983	37,054
Other currencies	629	975	1,604	5,357	558	5,915
Total	1,807,813	15,098	1,822,911	1,600,052	14,007	1,614,059

	The Bank					
	2013			2012		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in million Baht)</i>					
Baht	1,786,782	339	1,787,121	1,574,662	452	1,575,114
US Dollar	24,134	7,874	32,008	24,071	9,493	33,564
Other currencies	629	970	1,599	5,357	554	5,911
Total	1,811,545	9,183	1,820,728	1,604,090	10,499	1,614,589

21 Interbank and money market items (Liabilities)

As at 31 December 2013 and 2012, interbank and money market items (Liabilities) were as follows:

	Consolidated					
	Demand	2013 Time	Total	Demand	2012 Time	Total
	<i>(in million Baht)</i>					
Domestic items:						
Bank of Thailand and Financial Institutions Development Fund	3	31,109	31,112	-	30,904	30,904
Commercial banks	889	35,870	36,759	869	39,695	40,564
Specialised financial institutions*	169	15,772	15,941	170	2,270	2,440
Other financial institutions**	11,469	4,691	16,160	14,922	5,399	20,321
Total domestic items	12,530	87,442	99,972	15,961	78,268	94,229
Foreign items:						
US Dollar	3,990	12,305	16,295	1,595	9,189	10,784
Japanese Yen	2	-	2	6	-	6
Euro	199	-	199	141	-	141
Other currencies	2,659	-	2,659	1,903	-	1,903
Total foreign items	6,850	12,305	19,155	3,645	9,189	12,834
Total domestic and foreign items	19,380	99,747	119,127	19,606	87,457	107,063

* Specialised financial institutions mean financial institutions which operate under specific development mandates such as the Small and Medium Enterprise Development Bank of Thailand, Bank for Agriculture and Agricultural Co-operatives, Export-Import Bank of Thailand, Government Savings Banks, Government Housings Bank, Islamic Bank of Thailand and Secondary Mortgage Corporation but excluding the Small Business Credit Guarantee Corporation

** Other financial institutions mean financial institutions which have a license to offer interest on loans under the Finance Institution Act and, excluding those itemised separately above, such as Finance companies, Securities companies, Credit foncier companies, Life insurance companies, Cooperatives, the Federation of Savings and Credit Cooperatives of Thailand Limited and the Credit Union League of Thailand Limited

	The Bank					
	2013			2012		
	Demand	Time	Total	Demand	Time	Total
	<i>(in million Baht)</i>					
Domestic items:						
Bank of Thailand and Financial Institutions Development Fund	-	31,109	31,109	-	30,904	30,904
Commercial banks	890	35,870	36,760	869	39,695	40,564
Specialised financial institutions*	169	15,772	15,941	170	2,269	2,439
Other financial institutions**	16,285	4,691	20,976	19,674	5,399	25,073
Total domestic items	17,344	87,442	104,786	20,713	78,267	98,980
Foreign items:						
US Dollar	4,041	12,305	16,346	1,685	9,189	10,874
Japanese Yen	2	-	2	6	-	6
Euro	199	-	199	141	-	141
Other currencies	2,659	-	2,659	1,906	-	1,906
Total foreign items	6,901	12,305	19,206	3,738	9,189	12,927
Total domestic and foreign items	24,245	99,747	123,992	24,451	87,456	111,907

* Specialised financial institutions mean financial institutions which operate under specific development mandates such as the Small and Medium Enterprise Development Bank of Thailand, Bank for Agriculture and Agricultural Co-operatives, Export-Import Bank of Thailand, Government Savings Banks, Government Housings Bank, Islamic Bank of Thailand and Secondary Mortgage Corporation but excluding the Small Business Credit Guarantee Corporation

** Other financial institutions mean financial institutions which have a license to offer interest on loans under the Finance Institution Act and, excluding those itemised separately above, such as Finance companies, Securities companies, Credit foncier companies, Life insurance companies, Cooperatives, the Federation of Savings and Credit Cooperatives of Thailand Limited and the Credit Union League of Thailand Limited

22 Debt issued and borrowings

As at 31 December 2013 and 2012, debt issued and borrowings were as follows:

Consolidated								
	Interest rate (%)	Year of maturity	Domestic	2013 Foreign	Total	Domestic	2012 Foreign	Total
(in million Baht)								
Bonds								
- US Dollar	3.38 - 3.90	2016 - 2017	-	49,513	49,513	-	46,289	46,289
Subordinated bonds								
- Baht	4.50 - 6.25	2018 - 2024	40,000	-	40,000	60,000	-	60,000
Structured notes								
- Baht	Variable *	2013 - 2014	46	-	46	239	-	239
Bill of Exchanges								
- Baht	3.00 - 4.83	2013 - 2014	5,222	-	5,222	25,765	-	25,765
Others			231	-	231	284	-	284
Total			45,499	49,513	95,012	86,288	46,289	132,577
The Bank								
	Interest rate (%)	Year of maturity	Domestic	2013 Foreign	Total	Domestic	2012 Foreign	Total
(in million Baht)								
Bonds								
- US Dollar	3.38 - 3.90	2016 - 2017	-	49,513	49,513	-	46,289	46,289
Subordinated bonds								
- Baht	4.50 - 6.25	2018 - 2024	40,000	-	40,000	60,000	-	60,000
Bill of Exchanges								
- Baht	3.00 - 4.83	2013 - 2014	5,222	-	5,222	25,915	-	25,915
Others			231	-	231	284	-	284
Total			45,453	49,513	94,966	86,199	46,289	132,488

* Variable rates linked to reference interest rate and average price of marketable equity securities

23 Provisions

As at 31 December 2013 and 2012, provisions were as follows:

	Consolidated		The Bank	
	2013	2012	2013	2012
	<i>(in million Baht)</i>			
Reserve for pension and gratuity	3,145	2,971	2,859	2,714
Reserve for claims	1,905	1,664	1,905	1,664
Possible loss from Asset Transfer Agreement with TAMC	1,146	986	1,105	945
Possible loss from legal cases	315	358	300	346
Provisions for commitments as off-financial reporting items	115	115	115	115
Others	78	61	78	61
Total	6,704	6,155	6,362	5,845

23.1 Pension and other post-retirement employee benefits

The Bank operates a number of post-retirement benefit plans including both defined contribution plans and defined benefit plans. All defined benefit plans are unfunded.

Present value of unfunded obligations as at 31 December 2013 and 2012 were as follows:

	Consolidated		The Bank	
	2013	2012	2013	2012
	<i>(in million Baht)</i>			
Severance Payment ("SP") benefits scheme	2,470	2,340	2,223	2,119
Other schemes	675	631	636	595
Total present value of unfunded obligations	3,145	2,971	2,859	2,714

Post-employee benefit expenses included in the statement of comprehensive income for the years ended 31 December 2013 and 2012 were as follows:

	Consolidated		The Bank	
	2013	2012	2013	2012
	<i>(in million Baht)</i>			
Recognised in profit or loss:				
Defined contribution plans	853	774	740	674
Defined benefit plans	355	336	310	263
Total post-employment benefit expenses	1,208	1,110	1,050	937
Recognised in other comprehensive income:				
Actuarial losses recognised in the year	-	508	-	474

Movement in the present value of the defined benefit obligations:

	Consolidated			
	2013		2012	
	SP	Others	SP	Others
	<i>(in million Baht)</i>			
Obligations at 1 January	2,340	631	1,975	377
Current service cost	197	38	173	25
Interest cost	94	26	73	14
Benefits paid	(161)	(20)	(167)	(7)
Actuarial losses in other comprehensive income	-	-	286	222
Obligations at 31 December	2,470	675	2,340	631

	The Bank			
	2013		2012	
	SP	Others	SP	Others
	<i>(in million Baht)</i>			
Obligations at 1 January	2,119	595	1,764	348
Current service cost	166	35	149	22
Interest cost	85	24	66	13
Benefits paid	(147)	(18)	(116)	(6)
Actuarial losses in other comprehensive income	-	-	256	218
Obligations at 31 December	2,223	636	2,119	595

Principal actuarial assumptions at the reporting date:

	Consolidated and The Bank	
	2013	2012
	<i>(%)</i>	
Discount rate	4.1 - 4.2	4.1 - 4.2
Price inflation rate	3.5	3.5
Health cost increase rate	4 - 4.8	4 - 4.8
Future salary increases	5.5 - 10	5.5 - 10

As of 31 December 2013, a one percentage point change in assumed discount rates would have the following effects:

	Consolidated		The Bank	
	1% increase	1% decrease	1% increase	1% decrease
	<i>(in million Baht)</i>			
Effect on defined benefit obligations	(334)	504	(309)	462

The employee benefit expected to be paid to retirees over each of the next two years are as follows:

	Consolidated	
	2014	2015
	<i>(in million Baht)</i>	
Forecast of benefit payments		
Severance Payment ("SP") benefits scheme	98	146
Other scheme	19	16
Expenses recognised in profit or loss	117	162
	The Bank	
	2014	2015
	<i>(in million Baht)</i>	
Forecast of benefit payments		
Severance Payment ("SP") benefits scheme	90	140
Other scheme	15	14
Expenses recognised in profit or loss	105	154

23.2 Possible loss from Asset Transfer Agreement with the Thai Asset Management Corporation ("TAMC")

On 12 October 2001, the Bank and a subsidiary entered into an Asset Transfer Agreement with the Thai Asset Management Corporation ("TAMC"). Under the agreement, the Bank and a subsidiary transferred sub-quality assets to TAMC at a price equal to the lower of the established value of collateral and the loan outstanding. In consideration TAMC issued promissory notes to the Bank and a subsidiary. Furthermore, gains and losses from disposal of the assets transferred would be shared between the Bank and TAMC on an agreed basis.

TAMC was liquidated on 8 June 2013 and settlement of remaining balances is being handled by the Ministry of Finance. As at 31 December 2013, the following amounts are included in the financial statements:

1. Outstanding promissory notes amounting to Baht 875 million and Baht 745 million (consolidated and the Bank, respectively) against which a 100% provision is held.
2. Provision for loss sharing of Baht 1,146 million and Baht 1,105 million (consolidated and the Bank, respectively) is presented under provisions in the statement of financial position. Based on information provided by TAMC, the Bank expects that the provision it has established is sufficient.

24 Liabilities under insurance contracts

Liabilities under insurance contracts represent the liabilities of the insurance subsidiaries, SCB Life Assurance Public Company Limited ("SCB Life") and The Siam Commercial Samaggi Insurance Public Company Limited ("SCSMG"). As at 31 December 2013 and 2012, liabilities under insurance contracts were as follows:

	2013	2012
	<i>(in million Baht)</i>	
SCB Life		
Life insurance policy reserves	124,535	100,284
Others	962	1,108
SCSMG		
Premium reserves	2,282	2,065
Loss reserves and outstanding claims	1,425	3,845
Total	129,204	107,302

Insurance contract liabilities for SCB Life and SCSMG are calculated as described in notes 4.26 and 4.27 respectively.

25 Liabilities pending transfer

As at 31 December 2013 and 2012, liabilities pending transfer were as follows:

	Consolidated		The Bank	
	2013	2012	2013	2012
	<i>(in million Baht)</i>			
Pending for payment E-banking	8,395	9,187	8,396	9,187
Other payables	4,560	3,183	4,518	3,590
Others	139	1,073	61	946
Total	13,094	13,443	12,975	13,723

26 Other liabilities

As at 31 December 2013 and 2012, other liabilities were as follows:

	Consolidated		The Bank	
	2013	2012	2013	2012
	<i>(in million Baht)</i>			
Accrued expenses	18,946	16,826	16,045	13,101
Interest payable	11,703	8,729	11,711	8,707
Securities business payables and payables to clearing house	3,159	3,325	-	-
Margin deposits	1,116	396	1,030	299
Withholding tax payable	445	758	333	660
Other payable per Credit Support Annex	305	2,769	305	2,769
Others	2,940	2,558	685	841
Total	38,614	35,361	30,109	26,377

27 Reserve

Legal reserve

Under the Public Companies Act, the Bank and its subsidiaries, which are public companies are required to set aside as a legal reserve at least 5% of their net profit, net of accumulated deficit brought forward (if any), until the reserve is not less than 10% of the registered capital. The legal reserve is not available for dividend distribution.

According to the Civil and Commercial Code, subsidiaries which are private companies must appropriate to a reserve fund at each distribution of dividend at least 5% of the profit arising from the business of the Company until the reserve fund reaches 10% of the capital of the Company. Such reserve fund is not available for distribution as dividend.

Other reserves

Valuation surplus

The valuation surplus account comprises the cumulative net change in the valuation of premises and equipment included in the financial statements at valuation until such premises and equipment are sold or otherwise disposed of.

Fair value changes in available-for-sale investments

The fair value changes in available-for-sale investments account comprises the cumulative net change in the fair value of available-for-sale investments until the investments are derecognised or impaired.

Others

Others comprise of currency transaction differences and movements in reserves as follows:

Currency translation differences

The currency translation differences account comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Movements in reserves

Movements in reserves are shown in the statement of changes in equity.

28 Dividends

The Board of Directors Meeting held on 27 August 2013 passed a resolution approving an interim dividend payment in respect of the half-year result of 2013 of Baht 1.50 per share, amounting to Baht 5,099 million. The dividend was paid to shareholders on 20 September 2013.

At the annual general meeting of the shareholders of the Bank held on 4 April 2013, the shareholders approved the appropriation of dividend of Baht 3.50 per share, amounting to Baht 11,897 million. The dividend was paid to shareholders on 3 May 2013.

The Board of Directors Meeting held on 28 August 2012 passed a resolution approving an interim dividend payment in respect of the half-year result of 2012 of Baht 1.00 per share, amounting to Baht 3,399 million. The dividend was paid to shareholders on 21 September 2012.

At the annual general meeting of the shareholders of the Bank held on 5 April 2012, the shareholders approved the appropriation of dividend of Baht 2.50 per share, amounting to Baht 8,498 million. The dividend was paid to shareholders on 4 May 2012.

29 Assets pledged as collateral and under restriction

As at 31 December 2013 and 2012, assets pledged as collateral and under restriction were as follows:

	Consolidated		The Bank	
	2013	2012	2013	2012
	<i>(in million Baht)</i>			
Deposits	-	1	-	-
Investments				
Securities pledged as collateral for repurchase	45,263	37,427	45,263	37,427
Others	25,463	19,647	110	119
Total	70,726	57,075	45,373	37,546

30 Contingencies

As at 31 December 2013 and 2012, contingencies were as follows:

	Consolidated		The Bank	
	2013	2012	2013	2012
	<i>(in million Baht)</i>			
Avals to bills	4,297	3,487	4,297	3,487
Guarantees of loans	214	578	138	543
Liability under unmatured import bills	7,434	8,413	7,434	8,413
Letters of credit	26,898	16,502	26,852	16,447
Other contingencies				
- Amount of unused bank overdrafts	129,813	122,089	129,360	121,730
- Other guarantees	173,787	159,907	173,122	159,378
- Receivables / payables from investments	11,400	6,482	11,033	6,384
- Others	39	95	-	-
Total	353,882	317,553	352,236	316,382

As at 31 December 2013, the Bank had commitments of Baht 3 million, in connection with finance companies whose operations were closed down permanently by the Ministry of Finance on 8 December 1997 (2012: Baht 3 million).

31 Related parties

For the purposes of these financial statements, parties are considered to be related to the Bank and its subsidiaries if the Bank and its subsidiaries have the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Bank and its subsidiaries and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Bank has business transactions with related parties or persons. Interest rate for staff loans under the staff welfare scheme is charged in accordance with the Bank's regulations for such loans. Interest rate and other pricing for other related parties are at the same rate as in the normal course of business with the same business conditions as general customers. The transactions with related parties or persons were as follows:

31.1 Loans, deposits, borrowings and contingencies

Loans, deposits, borrowings and contingencies to related parties or persons as at 31 December 2013 and 2012 were as follows:

	Consolidated							
	2013				2012			
	Loans*	Deposits	Borrow-ings	Contin-gencies	Loans*	Deposits	Borrow-ings	Contin-gencies
	<i>(in million Baht)</i>							
Associates	-	9	-	-	-	5	-	-
Related companies (Shareholding through debt restructuring process)	-	-	-	-	-	71	-	32
Related companies (Shareholding through other companies' debt restructuring process)	-	-	-	1	-	-	-	1
Major shareholder (more than 10% ownership)	-	6,673	-	-	-	4,612	500	-
Entities in which the directors, management or close members of their families have significant influence	-	1,009	-	7	-	593	70	2
Directors and key executive officers	109	715	20	-	114	620	27	-
Total	109	8,406	20	8	114	5,901	597	35

	The Bank							
	2013				2012			
	Loans*	Deposits	Borrow-ings	Contin-gencies	Loans*	Deposits	Borrow-ings	Contin-gencies
	<i>(in million Baht)</i>							
Subsidiaries								
Finance & Insurance	-	7,566	835	3,515	-	4,280	1,749	1,519
Others	-	196	-	-	-	3,387	-	-
Total subsidiaries	-	7,762	835	3,515	-	7,667	1,749	1,519
Associates	-	9	-	-	-	5	-	-
Related companies (Shareholding through debt restructuring process)	-	-	-	-	-	71	-	32
Related companies (Shareholding through other companies' debt restructuring process)	-	-	-	1	-	-	-	1
Major shareholder (more than 10% ownership)	-	6,673	-	-	-	4,612	500	-
Entities in which the directors, management or close members of their families have significant influence	-	1,009	-	7	-	593	70	2
Directors and key executive officers	109	715	20	-	114	620	27	-
Total	109	16,168	855	3,523	114	13,568	2,346	1,554

* Net of provision (1%)

31.2 Income and expenses

Income and expenses between the Bank and its subsidiaries, associate and related companies for the years ended 31 December 2013 and 2012 were as follows:

Consolidated								
	2013				2012			
	Income		Expenses		Income		Expenses	
	Interest	Others	Interest	Others	Interest	Others	Interest	Others
<i>(in million Baht)</i>								
Associate	-	-	-	-	-	16	-	-
Major shareholder	-	-	158	19	-	-	65	18

The Bank								
	2013				2012			
	Income		Expenses		Income		Expenses	
	Interest	Others	Interest	Others	Interest	Others	Interest	Others
<i>(in million Baht)</i>								
Subsidiaries	22	15,251	96	2,337	30	14,099	114	1,601
Associate	-	-	-	-	-	16	-	-
Major shareholder	-	-	158	19	-	-	65	18

32 Key management personnel compensation

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Bank, holding the position of Executive Vice President or higher.

The Bank has not paid benefits to directors and executives other than the benefits that are normally paid such as meeting allowances, reward, salary, bonus, cost of living allowance, transportation charges and fringe benefits according to the Bank's regulations.

<i>For the years ended 31 December</i>	Consolidated		The Bank	
	2013	2012	2013	2012
	<i>(in million Baht)</i>			
Short-term employee benefits	1,658	1,414	1,284	1,095
Post-employment benefits	9	20	5	14
Termination Benefits	-	13	-	-
Total	1,667	1,447	1,289	1,109

33 Long-term leases and service agreements

As at 31 December 2013 and 2012, the remaining rental and service expenses to be paid for long-term leases and service agreements were as follows:

Type of lease	Period	Consolidated		The Bank	
		2013	2012	2013	2012
		(in million Baht)			
Land and/or premises	Within 1 year	1,685	1,505	1,576	1,329
	1 - 5 years	1,379	1,077	1,262	977
	Over 5 years	209	73	200	61
Equipment	Within 1 year	16	2	10	-
	1 - 5 years	8	2	-	-
Vehicles	Within 1 year	282	234	244	229
	1 - 5 years	469	541	412	527

34 Operating segments

As at 31 December 2013 and 2012, operating segments were as follows:

Information on the Bank's operating model and business segments is set out in the annual report. Specifically, the Bank has four Business Groups: the Wholesale Banking Group (WBG) which serves corporate and commercial customers; the Business Banking Group (BBG) which serves SME customers; the Retail Banking Group (RBG) which serves individuals and small businesses; and the Special Business Group (SBG) which is responsible for NPL resolution. In addition, the Bank has four major subsidiaries: SCB Securities Co., Ltd.; SCB Asset Management Co., Ltd.; The Siam Commercial Samaggi Insurance PCL; and SCB Life Assurance PCL.

In the information provided below, the results of the four subsidiaries together with the income from the Banks' investments, interbank and money market, that is not allocated to a specific business unit, are presented under the "Others" column. With respect to fee income earned by subsidiaries, it is allocated to the appropriate business unit (WBG, BBG or RBG) in the Management Discussion and Analysis section that accompanies the Financial Statements but is stated under "Others" in the analysis below. Finally, operating expenses are both direct and indirect business expenses of each business unit as well as allocation of common expenses.

The Bank has determined that the Chief Operating Decision Maker is the Executive Committee. Financial information of the Business Groups measured on a basis that is consistent with internal reporting was as follows:

<i>For the year ended 31 December 2013</i>	Consolidated				
	WBG	BBG	RBG	Others	Total
	<i>(in million Baht)</i>				
Net interest income	14,064	13,739	36,574	8,632	73,009
Net fees income & dividend and other income	10,854	4,694	26,848	8,127	50,523
Total operating income	24,918	18,433	63,422	16,759	123,532
Total operating expenses	(7,281)	(5,373)	(32,808)	(1,855)	(47,317)
Profit before impairment loss and income tax	17,637	13,060	30,614	14,904	76,215
Impairment loss and income tax					(25,463)
Net profit					50,752

<i>For the year ended 31 December 2012</i>	Consolidated (Restated)				
	WBG	BBG	RBG	Others	Total
	<i>(in million Baht)</i>				
Net interest income	13,389	10,854	28,892	8,969	62,104
Net fees income & dividend and other income	7,974	4,164	24,534	4,209	40,881
Total operating income	21,363	15,018	53,426	13,178	102,985
Total operating expenses	(6,616)	(4,855)	(30,116)	(815)	(42,402)
Profit before impairment loss and income tax	14,747	10,163	23,310	12,363	60,583
Impairment loss and income tax					(21,063)
Net profit					39,520

	Consolidated				
	2013				
	WBG	BBG	RBG	Others	Total
<i>(in million Baht)</i>					
Investments in associate	-	-	-	685	685
Loans*	619,687	356,048	748,284	11,262	1,735,281
Total assets	710,008	337,935	795,790	690,473	2,534,206
Total liabilities	409,576	181,640	1,337,131	357,819	2,286,166

	Consolidated (Restated)				
	2012				
	WBG	BBG	RBG	Others	Total
<i>(in million Baht)</i>					
Investments in associate	-	-	-	647	647
Loans*	592,862	299,166	643,658	11,800	1,547,486
Total assets	639,135	280,969	682,784	667,179	2,270,067
Total liabilities	344,279	163,859	1,218,580	328,006	2,054,724

* Net of deferred revenue

35 The financial position and results of operations classified by domestic and foreign business

35.1 As at 31 December 2013 and 2012, the financial position classified by domestic and foreign business was as follows:

	Consolidated							
	2013				2012			
	Domestic business	Foreign business	Elimination	Total	Domestic business	Foreign business	Elimination	Total
	<i>(in million Baht)</i>							
Total assets	2,480,591	75,608	(21,993)	2,534,206	2,234,281	71,580	(35,794)	2,270,067
Interbank and money market items, net (Assets)	162,856	8,666	-	171,522	156,100	6,655	-	162,755
Investments, net *	504,479	394	-	504,873	458,628	315	-	458,943
Loans to customers and accrued interest receivables, net	1,649,634	29,463	-	1,679,097	1,473,139	25,854	-	1,498,993
Deposits	1,808,766	14,145	-	1,822,911	1,602,443	11,616	-	1,614,059
Interbank and money market items (Liabilities)	109,282	9,845	-	119,127	97,874	9,189	-	107,063
Debt issued and borrowings	45,500	49,512	-	95,012	86,288	46,289	-	132,577
	The Bank							
	2013				2012			
	Domestic business	Foreign business	Elimination	Total	Domestic business	Foreign business	Elimination	Total
	<i>(in million Baht)</i>							
Total assets	2,337,025	68,576	(21,993)	2,383,608	2,114,048	67,062	(35,794)	2,145,316
Interbank and money market items, net (Assets)	151,380	3,511	-	154,891	146,270	3,271	-	149,541
Investments, net *	395,659	394	-	396,053	374,187	316	-	374,503
Loans to customers and accrued interest receivables, net	1,645,099	27,846	-	1,672,945	1,468,828	24,937	-	1,493,765
Deposits	1,812,498	8,230	-	1,820,728	1,606,481	8,108	-	1,614,589
Interbank and money market items (Liabilities)	114,147	9,845	-	123,992	102,718	9,189	-	111,907
Debt issued and borrowings	45,454	49,512	-	94,966	86,199	46,289	-	132,488

* Includes net investments in subsidiaries and associate

35.2 The results of operations classified by domestic and foreign business for the years ended 31 December 2013 and 2012 were as follows:

	Consolidated							
	2013				2012			
	Domestic business	Foreign business	Elimination	Total	Domestic business	Foreign business	Elimination	Total
	<i>(in million Baht)</i>							
Interest income	120,209	2,937	(2,455)	120,691	102,803	2,698	(2,102)	103,399
Interest expense	(47,745)	(2,392)	2,455	(47,682)	(41,328)	(2,069)	2,102	(41,295)
Net interest income	72,464	545	-	73,009	61,475	629	-	62,104
Net fees and service income	24,399	77	-	24,476	20,344	112	-	20,456
Other operating income	25,981	66	-	26,047	20,418	7	-	20,425
Other operating expenses	(60,751)	(207)	-	(60,958)	(51,725)	(73)	-	(51,798)
Profit before tax	62,093	481	-	62,574	50,512	675	-	51,187

	The Bank							
	2013				2012			
	Domestic business	Foreign business	Elimination	Total	Domestic business	Foreign business	Elimination	Total
	<i>(in million Baht)</i>							
Interest income	114,743	2,847	(2,455)	115,135	97,791	2,642	(2,102)	98,331
Interest expense	(47,812)	(2,386)	2,455	(47,743)	(41,346)	(2,065)	2,102	(41,309)
Net interest income	66,931	461	-	67,392	56,445	577	-	57,022
Net fees and service income	29,901	22	-	29,923	25,818	68	-	25,886
Other operating income	18,433	32	-	18,465	13,596	2	-	13,598
Other operating expenses	(58,013)	(147)	-	(58,160)	(49,236)	(17)	-	(49,253)
Profit before tax	57,252	368	-	57,620	46,623	630	-	47,253

36 Interest income

Interest income included in profit or loss for the years ended 31 December 2013 and 2012 were as follows:

	Consolidated		The Bank	
	2013	2012	2013	2012
	<i>(in million Baht)</i>			
Interbank and money market items	5,028	4,789	4,358	4,351
Investments and trading transactions	495	391	495	391
Investments in debt securities	12,731	11,078	8,161	7,343
Loans	91,753	78,965	91,473	78,742
Hire-purchase and finance leases	10,668	8,170	10,632	7,498
Others	16	6	16	6
Total	120,691	103,399	115,135	98,331

37 Interest expense

Interest expense included in profit or loss for the years ended 31 December 2013 and 2012 were as follows:

	Consolidated		The Bank	
	2013	2012	2013	2012
	<i>(in million Baht)</i>			
Deposits	33,943	26,567	34,013	26,560
Interbank and money market items	1,839	1,617	1,858	1,655
Contributions to Deposit Protection Agency	7,980	6,657	7,980	6,646
Debt issued				
- Subordinated debentures	2,190	2,022	2,190	2,022
- Others	1,694	4,404	1,695	4,415
Borrowings	30	23	1	6
Others	6	5	6	5
Total	47,682	41,295	47,743	41,309

38 Net fees and service income

Net fees and service income included in profit or loss for the years ended 31 December 2013 and 2012 were as follows:

	Consolidated		The Bank	
	2013	2012	2013	2012
	<i>(in million Baht)</i>			
Fees and service income				
- Acceptances, avals and guarantees	1,278	1,193	1,268	1,186
- ATM, Debit cards and other banking electronic	5,232	4,885	5,250	4,906
- Others	23,064	18,748	28,029	23,855
Total fees and service income	29,574	24,826	34,547	29,947
Fees and service expense	(5,098)	(4,370)	(4,624)	(4,061)
Net fees and service income	24,476	20,456	29,923	25,886

39 Net trading income

Net trading income included in profit or loss for the years ended 31 December 2013 and 2012 was as follows:

	Consolidated		The Bank	
	2013	2012	2013	2012
	<i>(in million Baht)</i>			
Gains (losses) on trading and foreign exchange transactions				
- Foreign currencies and foreign currency related derivatives	5,726	7,537	5,544	7,557
- Interest rate related derivatives	2,674	(378)	2,674	(378)
- Debt securities	642	311	594	311
- Equity securities	35	36	(51)	1
- Others	2	5	2	5
Total	9,079	7,511	8,763	7,496

40 Net gain on investments

Net gain on investments included in profit or loss for the years ended 31 December 2013 and 2012 was as follows:

	Consolidated		The Bank	
	2013	2012	2013	2012
	<i>(in million Baht)</i>			
Gains (losses) on sales				
- Available-for-sale securities	2,457	639	1,452	165
- Held-to-maturity securities	(145)	(144)	-	-
- General investments	105	8	105	4
- Investment in subsidiaries and associate	-	254	-	(1,026)
Total	2,417	757	1,557	(857)
Gains (losses) on impairment				
- Available-for-sale securities	(53)	86	6	86
- General investments	(6)	456	(4)	461
- Investment in subsidiaries and associate	(81)	(6)	(160)	505
Total	(140)	536	(158)	1,052
Net gain on investments	2,277	1,293	1,399	195

41 Impairment loss on loans and debt securities

Bad debt, doubtful accounts and loss on debt restructuring included in profit or loss for the years ended 31 December 2013 and 2012 were as follows:

		Consolidated		The Bank	
	Note	2013	2012	2013	2012
		(in million Baht)			
Interbank and money market items		(863)	362	(863)	362
Available-for-sale securities		(3)	(4)	(3)	(4)
Held-to-maturity securities		-	(10)	-	-
Loans to customers *	12.9.2	14,494	9,041	14,601	9,630
Loss on debt restructuring	13	13	7	13	7
Total		13,641	9,396	13,748	9,995

* Includes bad debt recovery

42 Income tax

Income tax recognised in profit or loss

		Consolidated		The Bank	
		2013	2012	2013	2012
			(Restated)		(Restated)
		(in million Baht)			
Current tax expense					
Current year		12,652	10,682	10,723	8,369
Deferred tax expense					
Movements in temporary differences		(831)	985	(800)	990
Total income tax expense		11,821	11,667	9,923	9,359

Income tax recognised in other comprehensive income

Consolidated						
	Before tax	2013 Tax (expense) benefit	Net of tax	Before tax	2012 Tax (expense) benefit	Net of tax
	<i>(in million Baht)</i>					
Investments	(1,465)	322	(1,143)	4,121	(868)	3,253
Premises and equipment	351	(125)	226	(4)	1	(3)
Provisions	-	-	-	(508)	87	(421)
Total	(1,114)	197	(917)	3,609	(780)	2,829

The Bank						
	Before tax	2013 Tax (expense) benefit	Net of tax	Before tax	2012 Tax (expense) benefit	Net of tax
	<i>(in million Baht)</i>					
Investments	522	(104)	418	2,631	(526)	2,105
Premises and equipment	-	-	-	(4)	1	(3)
Provisions	-	-	-	(474)	86	(388)
Total	522	(104)	418	2,153	(439)	1,714

Reconciliation of effective tax rate

For the year ended 31 December	Consolidated			
	2013		2012	
			(Restated)	
	Rate (%)	(in million Baht)	Rate (%)	(in million Baht)
Profit before total income tax expense		62,574		51,187
Income tax using the Thai corporation tax rate	20.0	12,515	23.0	11,773
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net		(694)		(106)
Total	18.9	11,821	22.8	11,667

For the year ended 31 December	The Bank			
	2013		2012	
			(Restated)	
	Rate (%)	(in million Baht)	Rate (%)	(in million Baht)
Profit before total income tax expense		57,620		47,253
Income tax using the Thai corporation tax rate	20.0	11,524	23.0	10,868
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net		(1,601)		(1,509)
Total	17.2	9,923	19.8	9,359

Income tax reduction

Royal Decree No. 530 B.E. 2554 dated 21 December 2011 grants a reduction in the corporate income tax rate for the three accounting periods 2012, 2013 and 2014; from 30% to 23% for the accounting period 2012 which begins on or after 1 January 2012 and to 20% for the following two accounting periods 2013 and 2014 which begin on or after 1 January 2013 and 2014, respectively.

It is understood that the Government will proceed to amend the law in order to maintain the corporate income tax rate at not higher than 20% for the accounting period 2015 which begins on or after 1 January 2015 and onwards in order to give full effect to the Cabinet resolution dated 11 October 2011 to increase Thailand's tax competitiveness.

Deferred tax

Deferred tax assets and liabilities as at 31 December 2013 and 2012 were as follows:

	Consolidated		The Bank	
	2013	2012	2013	2012
	(in million Baht)			
Deferred tax assets	562	471	11	8
Deferred tax liabilities	(3,059)	(3,996)	(2,916)	(3,609)
Net	(2,497)	(3,525)	(2,905)	(3,601)

Movements in total deferred tax assets and liabilities for the years ended 31 December 2013 and 2012 were as follows:

	Consolidated		
	(Charged) / Credited to:		
	At 1 January 2013	Profit or loss	Other comprehensive income
			At 31 December 2013
<i>(in million Baht)</i>			
Deferred tax assets			
Investments	172	9	105
Investments in subsidiaries and associate	104	11	-
Loans to customers and accrued interest receivables	154	619	-
Properties for sale	213	53	-
Premises and equipment	-	1	-
Goodwill and other intangible assets	141	(8)	-
Other assets	52	64	-
Deposits	151	56	-
Provisions	1,234	111	-
Liabilities under insurance contracts	309	(53)	-
Other liabilities	92	(33)	-
Total	2,622	830	105
Deferred tax liabilities			
Investments	(1,836)	(19)	217
Loans to customers and accrued interest receivables	(419)	(59)	-
Premises and equipment	(3,825)	66	(125)
Goodwill and other intangible assets	(32)	5	-
Other assets	(35)	8	-
Total	(6,147)	1	92
Net	(3,525)	831	197

	Consolidated			
	(Charged) / Credited to:			
	At 1 January 2012	Profit or loss	Other comprehensive income	At 31 December 2012
	(in million Baht)			
Deferred tax assets				
Investments	216	1	(45)	172
Investments in subsidiaries and associate	236	(132)	-	104
Loans to customers and accrued interest receivables	250	(96)	-	154
Properties for sale	243	(30)	-	213
Goodwill and other intangible assets	135	6	-	141
Other assets	53	(1)	-	52
Deposits	317	(166)	-	151
Provisions	1,038	109	87	1,234
Liabilities under insurance contracts	254	55	-	309
Other liabilities	621	(529)	-	92
Total	3,363	(783)	42	2,622
Deferred tax liabilities				
Investments	(1,009)	(4)	(823)	(1,836)
Loans to customers and accrued interest receivables	(243)	(176)	-	(419)
Premises and equipment	(3,823)	(3)	1	(3,825)
Goodwill and other intangible assets	(26)	(6)	-	(32)
Other assets	(22)	(13)	-	(35)
Total	(5,123)	(202)	(822)	(6,147)
Net	(1,760)	(985)	(780)	(3,525)

	The Bank			
	(Charged) / Credited to:			
	At 1 January 2013	Profit or loss	Other comprehensive income	At 31 December 2013
	(in million Baht)			
Deferred tax assets				
Investments	153	-	37	190
Investments in subsidiaries and associate	104	10	-	114
Loans to customers and accrued interest receivables	16	694	-	710
Properties for sale	204	60	-	264
Goodwill and other intangible assets	141	(8)	-	133
Other assets	4	(4)	-	-
Deposits	151	56	-	207
Provisions	1,173	102	-	1,275
Other liabilities	79	(33)	-	46
Total	2,025	877	37	2,939
Deferred tax liabilities				
Investments	(1,473)	(17)	(141)	(1,631)
Loans to customers and accrued interest receivables	(385)	(64)	-	(449)
Premises and equipment	(3,735)	(3)	-	(3,738)
Other assets	(33)	7	-	(26)
Total	(5,626)	(77)	(141)	(5,844)
Net	(3,601)	800	(104)	(2,905)

	The Bank			
	(Charged) / Credited to:			
	At 1 January 2012	Profit or loss	Other comprehensive income	At 31 December 2012
	(in million Baht)			
Deferred tax assets				
Investments	192	-	(39)	153
Investments in subsidiaries and associate	236	(132)	-	104
Loans to customers and accrued interest receivables	70	(54)	-	16
Properties for sale	232	(28)	-	204
Goodwill and other intangible assets	135	6	-	141
Other assets	12	(8)	-	4
Deposits	316	(165)	-	151
Provisions	988	99	86	1,173
Other liabilities	587	(508)	-	79
Total	2,768	(790)	47	2,025
Deferred tax liabilities				
Investments	(982)	(4)	(487)	(1,473)
Loans to customers and accrued interest receivables	(204)	(181)	-	(385)
Premises and equipment	(3,732)	(4)	1	(3,735)
Other assets	(22)	(11)	-	(33)
Total	(4,940)	(200)	(486)	(5,626)
Net	(2,172)	(990)	(439)	(3,601)

43 Basic earnings per share

Basic earnings per share in the consolidated and the Bank's financial statements for the years ended 31 December 2013 and 2012 were calculated as follows:

	Consolidated		The Bank	
	2013	2012	2013	2012
<i>(in million Baht / million shares)</i>				
Profit attributable to ordinary shareholders of the Bank (basic)	50,233	39,235	47,697	37,894
Number of ordinary and preference shares outstanding	3,399	3,399	3,399	3,399
Earnings per share (basic) (in Baht)	14.78	11.54	14.03	11.15

The preference of the preference shares expired in 2009; therefore, their rights are equivalent to ordinary shares. Basic earnings per share for the years ended 31 December 2013 and 2012 were based on the profit attributable to ordinary shareholders of the Bank and the number of ordinary and preference shares outstanding during the year.

44 Events after the reporting period

- 1) 68,666 preference shares have been converted into 68,666 ordinary shares. The Bank registered the conversion of the preference shares with the Ministry of Commerce on 9 January 2014.
- 2) On 10 January 2014, The Siam Commercial Bank Public Company Limited ("the Bank") entered into a conditional agreement to dispose of all of its shareholding of 135,660,824 shares in the The Siam Commercial Samaggi Insurance Public Company Limited ("SCSMG"), representing 60.68 percent of the total number of SCSMG's issued shares, at Baht 27.6 per share to ACE INA International Holdings, Limited and its local affiliate (collectively "ACE").

The sale of the Bank's shares in SCSMG to ACE is expected to be completed in the second quarter of 2014 subject, however, to certain conditions in the Agreement which include regulatory approval, completion of and satisfaction with the due diligence review of SCSMG and the approvals by the board of directors and shareholders of the Bank.

45 Thai Financial Reporting Standards (TFRS) not yet adopted

The Bank and its subsidiaries have not adopted the new and revised TFRS that have been issued but are not yet effective. Those new and revised TFRS that are applicable to the Bank and its subsidiaries' operations, which become effective for annual financial periods beginning on or after 1 January in the year indicated in the following table, are as follows:

TFRS	Topic	Year effective
TAS 1 (revised 2012)	Presentation of financial statements	2014
TAS 7 (revised 2012)	Statement of Cash Flows	2014
TAS 12 (revised 2012)	Income Taxes	2014
TAS 17 (revised 2012)	Leases	2014
TAS 18 (revised 2012)	Revenue Recognition	2014
TAS 19 (revised 2012)	Employee Benefits	2014
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates	2014
TAS 24 (revised 2012)	Related Party Disclosures	2014
TAS 28 (revised 2012)	Investments in Associates	2014
TAS 34 (revised 2012)	Interim Financial Reports	2014
TAS 36 (revised 2012)	Impairment of Assets	2014
TAS 38 (revised 2012)	Intangible Assets	2014
TFRS 4	Insurance Contracts	2016
TFRS 5 (revised 2012)	Non-current Assets held for Sale and Discontinued Operations	2014
TFRS 8 (revised 2012)	Operating Segments	2014
TFRIC 4	Determining whether an Arrangement contains a Lease	2014
TFRIC 10	Interim Financial Reporting and Impairment	2014
TFRIC 13	Customer Loyalty Programmes	2014
TIC 15	Operating Leases-Incentives	2014
TIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	2014

Management expects to adopt and apply these new and revised TFRS in accordance with the FAP's announcement and has made a preliminary assessment of the potential initial impact on the consolidated and the Bank's financial statements of these new and revised TFRS and expects that there will be no material impact on the financial statements in the period of initial application.

46 Reclassification of accounts

Certain accounts in the 2012 financial statements have been reclassified to conform to the presentation in the 2013 financial statements. These reclassifications have principally been made following changes in accounting policies consequent to the adoption of new and revised TFRS as disclosed in note 3. There were no other significant reclassifications of accounts.

SUPPLEMENTARY INFORMATION

CAPITAL STRUCTURE

Equity Securities

Registered capital, as at December 31, 2013, worth Baht 70,000 million, divided into:

3,415,491,642 common shares par value 10 Baht

3,584,508,358 preferred shares par value 10 Baht

Paid-in capital, as at December 31, 2013, worth Baht 33,992 million, divided into:

3,394,010,513 common shares par value 10 Baht

5,181,685 preferred shares par value 10 Baht

Details of Securities

SCB's securities listed on the Stock Exchange of Thailand ("SET") are as follows:

1. Common shares
2. Preferred shares

1. Common shares

Number	3,394,010,513 shares as at December 31, 2013
Issuer	The Siam Commercial Bank Public Company Limited
Registrar	Thailand Securities Depository Co., Ltd.
Trading	Traded on both the Main Board and Foreign Board by: <ul style="list-style-type: none"> - Using the symbol SCB on the Main Board - Using the symbol SCB-F on the Foreign Board

2. Preferred shares

Number	5,181,685 shares as at December 31, 2013
Issuer	The Siam Commercial Bank Public Company Limited
Registrar	Thailand Securities Depository Co., Ltd.
Preferred share features	Preferred rights of preferred shares were valid for 10 years, starting from the date the Ministry of Finance made an initial payment for the preferred shares to the Bank, and expired on May 10, 1999. Therefore, the rights of holders of preferred shares become the same as those of holders of common shares. Shareholders can proceed with the conversion of preferred shares to common shares in accordance with the conversion schedule and method determined by the Bank.
Conversion rate	Preferred shares can be converted to common shares at the ratio of 1:1.
Conversion price	Nil
Conversion schedule	On a quarterly basis on March 31, June 30, September 30 and December 31 of each year. <ul style="list-style-type: none"> - Conversion on March 31, submit application on March 16-30. - Conversion on June 30, submit application on June 5-29. - Conversion on September 30, submit application on September 15-29. - Conversion on December 31, submit application on December 16-30. <p>If the conversion date falls on a non-business day of the Bank, the conversion date shall be the last business day immediately preceding such non-business day.</p>

Conversion method	<p>(1) Preferred shareholders can file an application for conversion of preferred shares to common shares with Thailand Securities Depository Co., Ltd. or securities brokerage firms during office hours.</p> <p>(2) Preferred shareholders can obtain the application from Thailand Securities Depository Co., Ltd. or securities brokerage firms.</p> <p>(3) Preferred shareholders wishing to convert preferred shares to common shares must submit the following documents:</p> <ol style="list-style-type: none"> 1. Application for Conversion of Preferred Shares to Common Shares according to SCB format. 2. Preferred Share Certificates or warrants (according to SET format). 3. If the shareholder is an individual, a certified (signed) copy of an ID card, or alien ID, or passport. <p>If the shareholder is a juristic person, a certified copy of the license issued within the preceding year together with a certified (signed) copy of an ID card of an authorized director.</p>
Application filing venue	<p>(1) Thailand Securities Depository Co., Ltd. or</p> <p>(2) Securities brokerage firms</p>

Future Share Issuance Obligation

The Bank has no future share issuance obligation.

Shareholding Through NVDR

As at December 31, 2013, the Bank's registered and paid-up shares total 3,399,192,198 shares, of which 151,058,521 shares (4.44% of total shares) are held through Thai NVDR Co., Ltd. The shares held by Thai NVDR Co., Ltd. comprise 151,055,521 common shares (4.45% of the total common shares) and 3,000 preferred shares (0.06% of the total preferred shares). Also, Thai NVDR has declared its intention to abstain from attending and voting at shareholder meetings, except for shareholder meetings involving an agenda for delisting from the SET. Investors can check the number of the Bank's shares held through NVDR from the website of the Stock Exchange of Thailand at www.set.or.th/nvdr

Note: NVDR or non-voting depositary receipt refers to a trading instrument evidencing investors' entitlement to benefits associated with underlying shares listed on SET. Thai NVDR Co., Ltd. is a juristic person holding shares on behalf of foreign investors. As a result, foreign investors investing through Thai NVDR Co., Ltd. will be free from the foreign limit.

Policy on Rights Issue

The Bank does not have a plan for a rights issue.

Dividend Payment Policy

Dividend Payment Policy of the Bank

The Bank has a policy to pay dividends at the rate of 30-50% of net profits according to the consolidated financial statements in any year where the Bank, after deduction of all statutory and other reserves, reports profits, provided that there is no accumulated loss and the Bank can maintain sufficient statutory capital funds.

In 2013, the dividend from the Bank's 2012 operating results was paid to holders of the Bank's preferred and common shares at the rate of Baht 4.50 per share equivalent to Baht 15,296 million or 39% of the Bank's 2012 net profit based on the Bank's consolidated financial statements.

Dividend Payment Policy of Subsidiaries

For non-listed subsidiaries in which the Bank has full controlling power, dividends shall be paid from their net profits at the highest rate possible after appropriation for legal reserve or other business requirements.

For listed subsidiaries or subsidiaries in which the Bank does not have full controlling power, dividend payment shall be in accordance with policies announced by such subsidiaries and applicable laws, rules and regulations.

Shareholders

Principal Shareholders (as at December 27, 2013)

No.	Name	Common shares	Preferred shares	Total of shares	Percentage of shares
1	BUREAU OF THE CROWN PROPERTY AND GROUP	805,309,758	-	805,309,758	23.69
2	VAYUPAK MUTUAL FUND 1	785,798,200	-	785,798,200	23.12
3	CHASE NOMINEES LIMITED 42	172,569,800	-	172,569,800	5.08
4	THAI NVDR COMPANY LIMITED	151,055,521	3,000	151,058,521	4.44
5	LITTLEDOWN NOMINEES LIMITED	139,819,800	-	139,819,800	4.11
6	STATE STREET BANK AND TRUST COMPANY	121,418,972	-	121,418,972	3.57
7	STATE STREET BANK EUROPE LIMITED	102,744,477	-	102,744,477	3.02
8	HSBC (SINGAPORE) NOMINEES PTE LTD	76,205,294	-	76,205,294	2.24
9	GIC PRIVATE LIMITED - C	48,889,800	-	48,889,800	1.44
10	BNP PARIBAS SECURITIES SERVICES LUXEMBOURG	46,610,700	-	46,610,700	1.37
11	OTHERS	943,588,191	5,178,685	948,766,876	27.91
TOTAL ISSUED SHARE CAPITAL		3,394,010,513	5,181,685	3,399,192,198	100.00
THAI SHAREHOLDERS		2,137,916,900	4,816,162	2,142,733,062	63.04
FOREIGN SHAREHOLDERS		1,256,093,613	365,523	1,256,459,136	36.96

Remark: The Ministry of Finance holds 3,071,786 common shares, representing 0.09% of total share capital.

Debt Securities

At the end of 2013, debt issued was as follows:

	Amount	Interest Rate	Year of maturity
Senior Unsecured Notes	USD 400 million	3.9%	November 2016
Senior Unsecured Notes	USD 1,100 million	3.375%	September 2017
Subordinated Debenture No. 1/2012*	Baht 20,000 million	4.5%	2022
Subordinated Debenture No. 2/2012*	Baht 20,000 million	4.65%	2024
Bill of Exchange	Baht 5,222 million	3.00%-4.83%	2014

* The issuer has the right to early redemption.

INVESTMENTS OF SIAM COMMERCIAL BANK PCL IN OTHER COMPANIES

As of December 31, 2013 the Bank owned 10% or more of the issued shares of the following companies.

No.	Company name and address	Type of business	Type of shares	Issued and paid-up capital (Baht)	Paid-up shares	Number of shares	Percentage of ownership*	Amount * (Baht)
1	THE CAMBODIAN COMMERCIAL BANK LTD. 26 Monivong Rd., Sangkat Phsar Thmei 2, Khan Daun Penh, Phnom Penh, Kingdom of Cambodia Tel: 001-855 (23) 426-145, 213-601-2 Fax: 001-855 (23) 426-116	Banking	Ordinary	US\$ 25,000,000	250,000	250,000	100.000%	634,316,885
2	SCB PLUS CO. LTD. 1060 Tower 3, 9 th -10 th Floor, Siam Commercial Bank PCL, New Phetchaburi Rd., Makkasan, Ratchathewi, Bangkok 10400 Tel. 0-2792-3800 Fax 0-2255-1565	Collection company	Ordinary	1,000,000	100,000	100,000	100.000%	1,000,000
3	SCB TRAINING CENTER CO. LTD. SCB Head Office Bldg., 9 Ratchadaphisek Rd., Jatujak, Jatujak, Bangkok 10900 Tel. 0-2544-1702, 1704, 1707 Fax 0-2544-1701	Training center	Ordinary	549,000,000	5,490,000	5,490,000	100.000%	389,504,400
4	RATCHAYOTHIN ASSET MANAGEMENT CO. LTD. SCB Park Plaza Bldg., Tower West A, 12 nd Floor, 18 Ratchadaphisek Rd., Jatujak, Jatujak, Bangkok 10900 Tel. 0-2544-2477 Fax 0-2544-2165	Asset management	Ordinary	25,000,000	2,500,000	2,500,000	100.000%	25,000,000
5	MAHISORN CO., LTD. ⁽³⁾ 2 FL. SCB Park Plaza Bldg., Tower East, 18 - 19 Ratchadaphisek Rd., Jatujak, Jatujak, Bangkok 10900 Tel: 0-2937-5400 Fax: 0-2937-5438	Property (building) management	Ordinary	66,949,000	669,490	669,490	100.000%	88,168,274
6	SIAM PHITIWAT CO. LTD. 569 Ramkamhaeng Soi 39, Ramkamheang Road, Wangthonglang, Bangkok 10310 Tel: 0-2530-7500 Fax: 0-2530-7515-6	Appraisal service	Ordinary	10,000,000	1,000,000	1,000,000	100.000%	10,000,000
7	SCB ASSET MANAGEMENT CO. LTD. SCB Park Plaza Bldg., Tower 3 East, 21 st - 22 nd Floor, 19 Ratchadaphisek Rd., Jatujak, Jatujak, Bangkok 10900 Tel. 0-2949-1500 Fax 0-2949-1501	Asset management	Ordinary	100,000,000	20,000,000	20,000,000	100.000%	221,573,983
8	SCB SECURITIES CO. LTD. SCB Park Plaza Bldg., Tower 3 East, 20 th - 21 st Floor, 101 RCP Tower G Floor, 19 Ratchadaphisek Rd., Jatujak, Jatujak, Bangkok 10900 Tel. 0-2949-1000 Fax 0-2949-1001	Securites	Ordinary	2,000,000,000	200,000,000	200,000,000	100.000%	2,107,396,410
9	SIAM PANICH SPV 1 CO., LTD. ^{(1) (4)} SCB Park Plaza Bldg., Tower 2 West, 22 nd Floor 18 Ratchadaphisek Rd., Jatujak, Jatujak, BKK 10900 Tel: 0-2544-2592 Fax: 0-2937-7721	SPV set up under Securitization Act.	Ordinary and Preferred	40,000	400	400	100.000%	40,000

No.	Company name and address	Type of business	Type of shares	Issued and paid-up capital (Baht)	Paid-up shares	Number of shares	Percentage of ownership*	Amount * (Baht)
10	SOR.OR.KOR. PCL ⁽¹⁾ (The Siam Industrial Credit PCL) Sindhorn Bldg., Tower 2, 4 th Floor, 130-132 Wireless Rd., Lumpini, Pathumwan, Bangkok 10330 Tel. 0-2544-2301-4 Fax 0-2544-3317	Commercial	Ordinary	2,987,115,310	597,423,062	595,883,972	99.742%	3,764,752,015
11	SIAM COMMERCIAL LEASING PCL SCB Park Plaza Bldg., Tower 2 West, 22 nd Floor, 18 Ratchadaphisek Rd., Jatujak, Jatujak, BKK 10900 Tel: 0-2949-1800 Fax: 0-2949-1900	Collection company	Ordinary	5,677,975,020	567,797,502	564,316,277	99.387%	10,779,302,900
12	SCB LIFE ASSURANCE PCL Siam Commercial Bank PCL (Chidlom), Bldg. 1, 4 th -10 th Floor, 1060 New Petchaburi Rd., Makkasan, Ratchathewi, Bangkok 10400 Tel: 0-2655-4000 Fax: 0-2256-1666	Life insurance	Ordinary	665,000,000	66,500,000	62,950,033	94.662%	9,033,188,057
13	SIAM SAT NETWORK CO.,LTD. ⁽¹⁾⁽⁴⁾ SCB Park Plaza Bldg., Tower 2 West, 21 st Floor 18 Ratchadaphisek Rd., Jatujak, Jatujak, Bangkok 10900	Satellite service	Ordinary	112,500,000	11,250,000	9,182,012	81.618%	-
14	SIAM TECHNOLOGY SERVICE CO. LTD. ⁽¹⁾⁽³⁾ SCB Park Plaza Bldg., Tower 1 West, 18 Ratchadaphisek Rd., Jatujak, Jatujak, Bangkok 10900	Consultant	Ordinary	30,000,000	3,000,000	2,249,993	75.000%	1
15	THE SIAM COMMERCIAL SAMAGGI INSURANCE PCL Siam Commercial Insurance Bldg., 12 th Floor, North Park, 2/4 Vibhavadi Rangsit Rd., Thung Song Hong, Lak Si, Bangkok 10210 Tel: 0-2555-9094 Fax: 0-2955-0155	Non-life insurance	Ordinary	1,114,452,155	222,890,431	135,660,824	60.864%	967,076,318
16	SIAM MEDIA AND COMMUNICATION CO., LTD. ⁽¹⁾ SCB Park Plaza Bldg., Tower 2 West, 17 th - 22 nd Floor, 18 Ratchadaphisek Rd., Jatujak, Jatujak, Bangkok 10900	Holding company	Ordinary	700,000,000	7,000,000	2,333,800	33.340%	1
17	VINA SIAM BANK 2 Pho Duc Chinh Street, District 1, Ho Chi Minh City, Vietnam Tel: 001-84 (83) 821-0557, 821-0360, 821-5353, 821-5353-5 Fax: 001-84 (83) 821-0585	Banking	Ordinary	US\$61,000,000	610,000	201,300	33.000%	697,125,576
18	WTA (THAILAND) CO., LTD. ⁽¹⁾ 313 C.P. Tower, Silom Rd., Silom, Bangrak, Bangkok 10500 Tel : 0-2699-1609 Fax: 0-2643-1881	Holding company	Ordinary	25,000	1,000	250	25.000%	1
19	SG STAR PROPERTIES LIMITED ⁽¹⁾⁽²⁾ 408/70, Phaholyothin Place Bldg., 16 th Floor, Phaholyothin Rd., Samsennai, Phayathai, Bangkok 10400	Real estate	Ordinary	611,641,180	61,164,118	12,384,277	20.248%	1
20	NIPPONKOA INSURANCE BROKER (THAILAND) CO., LTD. ⁽⁴⁾ 90/53 Sathorn Thani 1 Bldg., 18 th Floor North Sathorn Rd. Silom, Bang Rak, Bangkok 10500 Tel: 0-2636-7288 Fax: 0-2636-8277	Insurance broker	Ordinary	6,000,000	60,000	11,999	19.998%	1,199,900

No.	Company name and address	Type of business	Type of shares	Issued and paid-up capital (Baht)	Paid-up shares	Number of shares	Percentage of ownership*	Amount * (Baht)
21	NATIONAL ITMX CO., LTD. 93/1 GPF Witthayu Tower A, 17 th Floor, Wireless Rd., Lumpini, Pathumwan, Bangkok 10330 Tel: 0-2650-6800 Fax: 0-2650-6808	Payment system service provider	Ordinary	50,000,000	500,000	98,600	19.720%	12,872,310
22	SIAM CEMENT MYANMAR TRADING LTD. No.5 Kabar Aye Pagoda Road, Yankin Township, Yangon, Myanmar Tel. (95-9) 862-3069, (95-1) 548-058 Fax (95-1) 548-058	Commercial	Ordinary	KYAT1,320,000	220	22	10.000%	559,281
23	THAI U.S. LEATHER CO., LTD. ⁽¹⁾ 39/98 Rama II Rd. Banghrachao Muang, Samutsakhon 74000 Tel: (034) 490-082-7	Industry	Ordinary	193,750,000	25,000,000	2,500,000	10.000%	19,375,000
24	NAVUTI CO., LTD. 920/4 Moo7, Mae Fah Luang, Mae Fah Luang, Chiang Rai 57110 Tel: (053) 767-015 Fax: (053) 767-077	Agribusiness	Ordinary	60,000,000	600,000	60,000	10.000%	6,000,000
25	THAI OBAYASHI CORP., LTD. 161 Nantawan Bldg., 11 st Floor, Soi Mahadlek Luang 3 Ratchadamri Rd. Lumpini, Pathum Wan, Bangkok 10330 Tel. 0-2252-5200 Fax 0-2252-5200	Construction	Ordinary	10,000,000	20,000	2,000	10.000%	61,753,160
26	NANACHART TRADERS CONSOLIDATION LIMITED ⁽⁴⁾ 34/3, Ruam Thanu Thai Lang Suan Bldg., Soi Lang Suan, Phloenchit Rd., Lumpini, Pathumwan, Bangkok 10330 Tel: 0-2652-2020-4 Fax: 0-2255-9947	Agribusiness	Ordinary	20,000,000	20,000	2,000	10.000%	2,000,000
27	PREMAS (THAILAND) CO., LTD. 90 CyberWorld Tower 27 th Floor Tower A, Ratchadaphisek Rd., Huay Kwang, Huay Kwang, Bangkok 10320 Tel: 0-2168-3101 Fax: 0-2168-3106	Property (building) management	Ordinary	12,500,000	250,000	25,000	10.000%	1,250,000

Remarks

* In case of indirect investment by the Bank's affiliates, in which the Bank holds more than 30% of their shares, the figures will depict the total percentage of shareholding and investment value of the bank and its affiliates.

(under Section 258 of Securities and Exchange Act.)

(1) Discontinued operations, in process of dissolution or in process of liquidation.

(2) Invested from debt restructuring.

(3) Company in which Bank affiliate, in which the Bank holds more than 30% of shares, invests with direct investment from the Bank.

(4) Company in which Bank affiliate, in which the Bank holds more than 30% of shares, invests without any direct investment from the Bank.

INFORMATION OF THE MANAGEMENT AND CONTROLLER OF THE BANK

AS OF 31 DECEMBER 2013

Name/position	Age (yrs)	Education/training program	% of total shares	Family relationship between director and management	Period	Experience in the past 5 years Position/company
1. Mr. Anand Panyarachun - Chairman of the Board (Independent Director) - Member of the Corporate Social Responsibility Committee	81	- B.A. (Hons.) in Law, Trinity College, University of Cambridge, U.K.	0.01%	None	1997-2009 1993-2011 1995-2011 2008-2011 2010-2011 1990-2012 1990-present 1990-present 1996-present 1996-present 1999-present 2000-present 2003-present 2003-present 2006-present 2008-present 2009-present 2013-present 2013-present	<i>Past Positions</i> - Chairman of the University Council, Asian University of Science and Technology (AUST) - Member of International Advisory Board, American International Group, Inc. (AIG) - Chairman of the Board of Trustees, Mekong Region Law Center - Member of Global Leadership Foundation - Chairman of Reform Commission - Chairman, Chiang Mai Night Bazaar Co., Ltd. <i>Current Positions</i> - Chairman, Eastern Star Real Estate PCL - Chairman, Cambridge Thai Foundation - UNICEF Ambassador in Thailand - Chairman of International Advisory Board, The Carlos P. Romulo Foundation - Honorary International Advisor, the Governors of Dulwich College, London, U.K. - Member of the Advisory Council of Transparency International. - Trustee, U Thant Institute - Fellow, Dulwich College, London, U.K. - Consultant, Chevron Asia South Co., Ltd. - Director, Siam Commercial Foundation - Chairman, Green Globe Institute - Advisor, The Anti-Corruption Organization of Thailand - Chairman, Cambridge Thai Foundation under the Patronage of Her Majesty the Queen

He does not hold any current position as chairman, or executive director, or authorized director, or all of the aforementioned positions in other companies exceeding 3 business groups.

Name/position	Age (yrs)	Education/training program	% of total shares	Family relationship between director and management	Period	Experience in the past 5 years Position/company
2. Dr. Vichit Suraphongchai	68	<ul style="list-style-type: none"> - B.Sc. (Engineering), Chulalongkorn University - M.Sc. (Engineering), University of California, Berkeley, U.S.A. - M.B.A. (Management), Graduate School of Management, UCLA, U.S.A. - Ph.D., Graduate School of Management, UCLA, U.S.A. - Role of the Chairman Program, Thai Institute of Directors Association 	-	None	<ul style="list-style-type: none"> 2007-2009 2003-2011 2004-2011 2009-2011 2009-2011 2006-2012 1997-present 1999-present 2006-present 2006-present 2006-present 2007-present 2008-present 2009-present 	<i>Past Positions</i> <ul style="list-style-type: none"> - Independent Director, Thai Airways PCL - Honorary Advisor, Phantavanit Co., Ltd. - Board of the Public Policy Development Office (PPDO) - Chairman, Nok Airlines Co., Ltd. - The Commission for the Judicial Service - Member of the Board, The Mahidol University Council <i>Current Positions</i> <ul style="list-style-type: none"> - Advisor, The Bureau of the Crown Property - Director, Kempinski AG - Executive Director, The Tio Chew Association of Thailand - Deputy Director, Peijing School Board - Director, CPB Equity Co., Ltd. - Honorary Member of the Board of Governors, Amata Spring Country Club - Director, Siam Commercial Foundation - Chairman, X-Zell Biotech Co., Ltd.
He does not hold any current position as chairman, or executive director, or authorized director, or all of the aforementioned positions in other companies exceeding 3 business groups.						

Name/position	Age (yrs)	Education/training program	% of total shares	Family relationship between director and management	Period	Experience in the past 5 years Position/company
3. Mr. Maris Samaram - Independent Director - Chairman of the Audit Committee	71	- B.S.B.A., Major in Accounting, University of the East, Philippines - Program for Management Development, Harvard Business School, U.S.A. - Director Certification Program, Thai Institute of Directors Association - Audit Committee Program, Thai Institute of Directors Association - Monitoring the System of Internal Control and Risk Management, Thai Institute of Directors Association - Monitoring the Internal Audit Function, Thai Institute of Directors Association - Monitoring the Quality of Financial Reporting, Thai Institute of Directors Association - DCP Refresher Course, Thai Institute of Directors Association	-	None	2004-2010 2008-2011 2006-2012	<i>Past Positions</i> - Director and Member of the Audit Committee, Sub Sri Thai Warehouse PCL - Director and Member of the Audit Committee, Indorama Polymers PCL - Chairman of the Audit Committee and Member of Executive Committee, Asian Institute of Technology (AIT) <i>Current Positions</i> - Member of the Executive Committee, The Harvard Club of Thailand - Independent Director, Chairman of the Audit Committee and Member of the Corporate Governance, Nomination and Remuneration Committee, TATA Steel (Thailand) PCL - Director, Marsh PB Co., Ltd. - Director, PAC (Siam) Co., Ltd. - Independent Director and Member of the Audit Committee, Indorama Ventures PCL - Independent Director and Chairman of the Audit Committee, Akara Resources PCL
He does not hold any current position as chairman, or executive director, or authorized director, or all of the aforementioned positions in other companies exceeding 3 business groups.						

Name/position	Age (yrs)	Education/training program	% of total shares	Family relationship between director and management	Period	Experience in the past 5 years Position/company	
4. Prof. Vicharn Panich - Independent Director - Chairman of the Corporate Social Responsibility Committee	71	- M.D., Faculty of Medicine, Siriraj University	-	None		<i>Past Positions</i>	
		- Master's Degree in Human Genetics, University of Michigan, U.S.A.				1994-2010	- Member of the University Council, Walailak University
		- Director Accreditation Program, Thai Institute of Directors Association				2008-2011	- Chairman, The Higher Education Commission
		- Understanding the Fundamentals of Financial Statements, Thai Institute of Directors Association				2006-2012	- Chairman, The Mahidol University Foundation
		- Financial Statement for Director, Thai Institute of Directors Association				2008-2012	- Director, Siam Commercial Foundation
		- Director Certification Program, Thai Institute of Directors Association				2009-2012	- Member of the University Council, Chiang Mai University
		- Role of the Chairman Program, Thai Institute of Directors Association				2010-2012	- Chairman of the Executive Committee, The Healthcare Accreditation Institute
		- Leadership in the Boardroom Program, Thai Institute of Directors Association					<i>Current Positions</i>
		- Director, The Medical Division of the Ananda Mahidol Foundation				1995-present	- Director, The Medical Division of the Ananda Mahidol Foundation
		- Director, Sodsri-Saridwongsa Foundation				1995-present	- Director, Sodsri-Saridwongsa Foundation
- Director, Thai Academy of Science and Technology Foundation	1997-present	- Director, Thai Academy of Science and Technology Foundation					
- Director, National Health Foundation	1999-present	- Director, National Health Foundation					
- Director, Withthat Foundation	1999-present	- Director, Withthat Foundation					
- Director, Prince Mahidol Award Foundation under Royal Patronage	2002-present	- Director, Prince Mahidol Award Foundation under Royal Patronage					
- Director, Foundation for the Promotion of Science and Technology under the Patronage of H.M. the King	2002-present	- Director, Foundation for the Promotion of Science and Technology under the Patronage of H.M. the King					
- Chairman, Foundation for Regional Empowerment Education	2003-present	- Chairman, Foundation for Regional Empowerment Education					
- Member of the University Council, Prince of Songkla University	2006-present	- Member of the University Council, Prince of Songkla University					
- Chairman, The Mahidol University Council	2006-present	- Chairman, The Mahidol University Council					
- Chairman, Knowledge Network Institute of Thailand	2006-present	- Chairman, Knowledge Network Institute of Thailand					
- Chairman, The Knowledge Management Institute (KMI) Foundation	2007-present	- Chairman, The Knowledge Management Institute (KMI) Foundation					
- Vice Chairman, Arsomsilp Institute Council	2007-present	- Vice Chairman, Arsomsilp Institute Council					
- Director, Buddhadasa Indapanno Archives Foundation	2007-present	- Director, Buddhadasa Indapanno Archives Foundation					
- Chairman, International Health Policy Program Foundation	2011-present	- Chairman, International Health Policy Program Foundation					
- Director, Health Intervention and Technology Assessment Foundation	2011-present	- Director, Health Intervention and Technology Assessment Foundation					
- Chairman, Siam Commercial Foundation	2012-present	- Chairman, Siam Commercial Foundation					
- Chairperson of Roong-aroon School Foundation	2013-present	- Chairperson of Roong-aroon School Foundation					
- Member, Chiangmai University Council	2013-present	- Member, Chiangmai University Council					

He does not hold any current position as chairman, or exective director, or authorized director, or all of the aforementioned positions in other companies exceeding 3 business groups.

He does not hold any current position as chairman, or executive director, or authorized director, or all of the aforementioned positions in other companies exceeding 3 business groups.

Name/position	Age (yrs)	Education/training program	% of total shares	Family relationship between director and management	Period	Experience in the past 5 years Position/company
5. Mr. Chumpol NaLamlieng - Independent Director - Chairman of the Nomination, Compensation and Corporate Governance Committee	66	- B.Sc. (Mechanical Engineering), The University of Washington, U.S.A. - M.B.A, Harvard Business School, U.S.A. - Role of the Chairman Program, Thai Institute of Directors Association	-	None	<p>1990-2009</p> <p>2005-2009</p> <p>2004-2011</p> <p>1989-present</p> <p>1990-present</p> <p>1992-present</p> <p>1995-present</p> <p>2008-present</p> <p>2010-present</p> <p>2011-present</p> <p>2012-present</p> <p>2012-present</p>	<p><i>Past Positions</i></p> <p>- Director, Garden River Co., Ltd.</p> <p>- Director, The British Airways PCL</p> <p>- Chairman, Singapore Telecommunications Ltd.</p> <p><i>Current Positions</i></p> <p>- Director, Navuti Co., Ltd.</p> <p>- Director, Supapruk Co., Ltd.</p> <p>- Director and Chairman of Remuneration Committee, Siam Cement PCL</p> <p>- Director, Dole (Thailand) Co., Ltd.</p> <p>- Director, Lum Luk Ka Golf and Country Club Co., Ltd.</p> <p>- Director, Siam Sindthorn Co., Ltd.</p> <p>- Director, CPB Equity Co., Ltd.</p> <p>- Director, Kempin Siam Co., Ltd.</p> <p>- Director, Kempinski Hotels S.A.</p>
He does not hold any current position as chairman, or exective director, or authorized director, or all of the aforementioned positions in other companies exceeding 3 business groups.						

Name/position	Age (yrs)	Education/training program	% of total shares	Family relationship between director and management	Period	Experience in the past 5 years Position/company
6. Assoc. Prof. Kulpatra Sirodorn - Independent Director - Member of the Audit Committee	57	- B.B.A. (Finance) (1st Hons.), Thammasat University - M.B.A. (Finance), West Virginia University, U.S.A. - Ph.D. (Finance), University of Pittsburgh, U.S.A. - Director Certification Program, Thai Institute of Directors Association - Audit Committee Program, Thai Institute of Directors Association	-	None	2004-2009 2006-2009 2006-2009 2009-2010 2006-2011 2011-2012 2010-2013 2012-2013 1994-present 2002-present 2006-present 2006-present 2010-present 2011-present 2012-present 2012-present 2013-present 2013-present 2013-present 2013-present 2013-present 2013-present	<i>Past Positions</i> - Director, The Agricultural Futures Exchange of Thailand - Advisor to the Risk Management Committee, Government Housing Bank - Advisor, Investment Banking Division, Thanachart Securities PCL - Head of the Department of Finance, Faculty of Commerce and Accountancy, Thammasat University - Director of the Managerial Accounting Sub-Committee, The Federation of Accounting Professions - Director, Asia Pacific Advisory Council - Dean, Faculty of Commerce and Accountancy, Thammasat University - Director, Global Foundation for Management Education <i>Current Positions</i> - Independent Director and Chairman of the Audit Committee, Thai President Food PCL - Independent Director and Member of the Audit Committee, President Bakery PCL - Director, H.R.H. Prince Pijitjirapa Tevakul Foundation - Member of Operation Committee, The Professor Sangvian Indaravijaya Foundation - Independent Director, Thai Wacoal PCL - Advisor, The Federation of Accounting Professions - Chairman of Audit Committee, Thai Wacoal PCL - Member of the Risk Management Sub-Committee, Government Pension Fund - Full-Time Member of the Department of Finance, Faculty of Commerce and Accountancy, Thammasat University - Expert Member, Sri Pathum University Council - Expert Member on Risk Management, Investment Risk Management Sub-Committee, Social Security Fund - Member, Southeast Bangkok College Council - Expert Member, Policy Committee on Public-Private Partnerships in State Undertaking - Evaluator for Government Funds, The Comptroller General's Department. - Chairman of Corporate Governance Committee, Thai Wacoal PCL

She does not hold any current position as chairman, or executive director, or authorized director, or all of the aforementioned positions in other companies exceeding 3 business groups.

Name/position	Age (yrs)	Education/training program	% of total shares	Family relationship between director and management	Period	Experience in the past 5 years Position/company
7. Mr. Ekamol Kiriwat - Independent Director - Member of the Audit Committee	68	- Bachelor's Degree (Magna Cum Laude) in Economics, Dartmouth College, U.S.A. - Master's Degree (Finance), Harvard Graduate School of Business Administration, U.S.A. - Director Certification Program, Thai Institute of Directors Association	-	None	2008-2011 2004-present	<i>Past Positions</i> - Chairman, Seamico Securities PCL <i>Current Positions</i> - Chairman, K.C. Property PCL
He does not hold any current position as chairman, or executive director, or authorized director, or all of the aforementioned positions in other companies exceeding 3 business groups.						
8. Dr. Chirayu Isarangkun Na Ayuthaya - Director - Member of the Corporate Social Responsibility Committee	71	- B. Sc. (Economics) (Hons.), London School of Economics, University of London, U.K. - Ph. D. (Economics), Australian National University, Australia - Role of the Chairman Program, Thai Institute of Directors Association	-	None	1987-present 1987-present 1987-present 1988-present 1990-present 1991-present 1992-present 1992-present 1998-present 1999-present 2001-present 2002-present 2006-present 2006-present 2007-present 2007-present 2008-present 2012-present	<i>Current Positions</i> - Grand Chamberlain, Bureau of the Royal Household - Director-General, The Crown Property Bureau - Chairman, Deves Insurance PCL - Treasurer, Foundation for Promotion of Supplementary Occupation and Related Techniques of Her Majesty Queen Sirikit - Director, Phra Dabos Foundation - Secretary General, Queen Sirikit Park Foundation - Secretary General, Royal Project Foundation - Secretary General, Sai Jai Thai Foundation - Director, Chaipattana Foundation - Chairman, Baanbong Vetchakij Co., Ltd. - Director, Siriraj Foundation - Director, Isarangkun Foundation - Chairman, CPB Equity Co., Ltd. - Chairman, The Crown Property Bureau Foundation - Director, Nawuti Co., Ltd. - Chairman, The Siam Cement PCL - Chairman, Siam Commercial Foundation - Chairman, The National Institute of Development Administration Council (NIDA)
He does not hold any current position as chairman, or executive director, or authorized director, or all of the aforementioned positions in other companies exceeding 3 business groups.						

Name/position	Age (yrs)	Education/training program	% of total shares	Family relationship between director and management	Period	Experience in the past 5 years Position/company
9. M.R. Disnadda Diskul - Director - Member of the Corporate Social Responsibility Committee	74	- B. Sc. (Business Administration), Indiana University (Bloomington), U.S.A. - Role of the Chairman Program, Thai Institute of Directors Association	-	None	2002-2009 2009-2013	<i>Past Positions</i> - Chairman of the Board, Thailand Convention and Exhibition Bureau (Public Organization) - Director, Japan-America Institute of Management Science (Hawaii, USA)
						<i>Current Positions</i> - Director, Volunteer Doctors Foundation of Her Royal Highness the Princess Mother - Director, Navuti Co., Ltd. - Director, Prostheses Foundation of Her Royal Highness the Princess Mother - Director and Secretary-General, The Mae Fah Luang Foundation under Royal Patronage - Director, Breast Foundation under the Patronage of Her Royal Highness the Princess Mother - Chairman, East Asia Development Foundation - Chairman, Prince Damrong Rajanupab and Mornjao Jongjitthanom Disakul Foundation - Director, Elephant Reintroduction Foundation - Director, Navutayayu Co., Ltd. - Director, Siam Commercial Foundation - Chairman, Royal Initiative Discovery Institute - Director and Secretary-General, Royal Initiative Discovery Foundation
					2011-present 2011-present	- Chairman, Rakkaew Foundation - Advisor, The Crown Property Bureau
He does not hold any current position as chairman, or executive director, or authorized director, or all of the aforementioned positions in other companies exceeding 3 business groups.						

Name/position	Age (yrs)	Education/training program	% of total shares	Family relationship between director and management	Period	Experience in the past 5 years Position/company
10. Khunying Jada Wattanasiritham - Independent Director - Member of the Corporate Social Responsibility Committee - Member of the Nomination, Compensation and Corporate Governance Committee	68	- B.A. (Natural Sciences and Economics), Cambridge University, U.K. - M.A. (Natural Sciences and Economics), Cambridge University, U.K. - M.A. (Economic Development), Williams College, U.S.A. - Role of the Chairman Program, Thai Institute of Directors Association - Director Certification Program, Thai Institute of Directors Association - Audit Committee Program, Thai Institute of Directors Association - Monitoring the Quality of Financial Report, Thai Institute of Directors Association - Monitoring the Internal Audit Function, Thai Institute of Directors Association	-	None	2006-2010 2007-2010 2009-2011 2011-2013 2011-2013	<i>Past Positions</i> - Director and Chairman of the Audit Committee, The Stock Exchange of Thailand - Director, and Chairman of the Audit Committee, PTT PCL - Chairman and Chairman of Remuneration Committee, Thai Asset Management Corporation - Chairman, Thai Institute of Directors Association - Expert Member of the Board of Directors, Government Pension Fund <i>Current Positions</i> 1992-present - Director, Siam Piwat Co., Ltd. 2003-present - Director, and Chairman of the Finance Committee, The Kenan Institute Asia 2006-present - Vice Chairman, Ramathibodi Foundation 2006-present - Council Member, Srinakharinwirot University 2007-present - Chairman, SCB Life Assurance PCL 2008-present - Independent Director, Member of the Audit Committee and Member of the Nominating and Corporate Governance Committee, Minor International PCL 2009-present - Chairman, Siam Commercial Samaggi Insurance PCL 2011-present - Chairman, Siam Paragon Development Co., Ltd. 2011-present - Director, Royal Paragon Enterprise Co., Ltd. 2012-present - Council Member, The National Institute of Development Administration (NIDA) 2013-present - Director of the Corporate Social Responsibility Institute (CSRI), Stock Exchange of Thailand 2013-present - Director, Cambridge Thai Foundation 2013-present - Treasurer of the Thai Red Cross Society

She does not hold any current position as chairman, or executive director, or authorized director, or all of the aforementioned positions in other companies exceeding 3 business groups.

Name/position	Age (yrs)	Education/training program	% of total shares	Family relationship between director and management	Period	Experience in the past 5 years Position/company
11. Miss Supa Piyajitti - Director - Member of the Nomination, Compensation and Corporate Governance Committee	59	- B.B.A., Thammasat University - LL.B., Thammasat University - Master's Degree in Public Administration, The National Institute of Development Administration - Mini MBA, The Ministry of Finance, Class 20, Thammasat University - Director Certification Program, Thai Institute of Directors Association - DCP Refresher Course, Thai Institute of Directors Association - The National Defence Course, National Defence College - High Certificate In Judicial Processes for Senior Executive, National Justice Academy, Judicial Training Institute, Office of Judiciary - Leadership Program, Capital Market Academy	-	None	2006-2009 2006-2009 2006-2009 2009-2010 2010-2012 2012-2013 2010-2013 2008-present 2010-present	<i>Past Positions</i> - Deputy Permanent Secretary, The Ministry of Finance - Vice Chairman, The Financial Institutions Development Fund - Director, The Agricultural Futures Trading Commission - Director General, The State Enterprise Policy Office, The Ministry of Finance - Director, Bangkok Petroleum PCL - Director, Erawan Hotel PCL - Chairman, Finansia Life Assurance Co., Ltd. <i>Current Positions</i> - Chairman, National Credit Bureau Co., Ltd. - Deputy Permanent Secretary, The Ministry of Finance
She does not hold any current position as chairman, or executive director, or authorized director, or all of the aforementioned positions in other companies exceeding 3 business groups.						
12. Mr. Robert Ralph Parks - Independent Director - Member of the Nomination, Compensation and Corporate Governance Committee	69	- B.A., Rice University, U.S.A. - M.B.A, Columbia University Graduate School of Business, U.S.A.	-	None	2008-2011 2007-2012 2007-2012 2009-2012 2012-2013 1995-present 2010-present 2011-present	<i>Past Positions</i> - Director, LT Technology Holding Ltd. - Chairman, Oaktree Capital (Hong Kong) Ltd. - Director, Northshore Power Systems - Chairman and Director, Sinnommedical Limited - Director, Banyan Capital Mongolia Fund GP Ltd. <i>Current Positions</i> - Director, Pear Tree Point School - Advisor, Ambow Education Holding Ltd. - Board of Trustees, Rice University
He does not hold any current position as chairman, or executive director, or authorized director, or all of the aforementioned positions in other companies exceeding 3 business groups.						

Name/position	Age (yrs)	Education/training program	% of total shares	Family relationship between director and management	Period	Experience in the past 5 years Position/company
13. Mr. Prasan Chuaphanich - Independent Director - Member of the Audit Committee	61	- B.Acc. (2nd Class Honors) (Accounting), Chulalongkorn University - Diploma in Auditing, Chulalongkorn University - Executive Management Program, Ivey School of Business, University of Western Ontario, Canada - Leading Professional Services Firms, Harvard Business School, U.S.A. - Director Certification Program (DCP), Thai Institute of Directors Association - Finance Institutions Governance Program, Bank of Thailand	0.00%	None	2004-2010 2000-2012 2011-present 2011-present 2012-present 2013-present 2013-present 2013-present	<i>Past Positions</i> - Chairman of Accounting Systems Committee, Federation of Accounting Professions - Executive Chairman, PricewaterhouseCoopers Co., Ltd. <i>Current Positions</i> - Vice President, Federation of Accounting Professions - Chairman of Auditing Standards Committee, Federation of Accounting Professions - Expert Member, General Insurance Fund, Ministry of Finance - Independent Director, Nam Heng Concrete (1992) Co.,Ltd. - Member of Advisory Committee, ASEAN CG Scorecard Project, Thai Institute of Directors Association - Independent Director, Thai Solar Energy Co.,Ltd.
He does not hold any current position as chairman, or executive director, or authorized director, or all of the aforementioned positions in other companies exceeding 3 business groups.						
14. Police General Abdul Sangsrikingeo - Director - Member of the Nomination, Compensation and Corporate Governance Committee	59	- B.A. Public Administration, Royal Thai Police Cadet Academy - M.A. Social Development, Faculty of Social Science, Kasetsart University - Diploma, National Defence Course, National Defence College, Royal Thai Armed Force	-	None	2006-2009 2009-2010 2010-2012 2011-2012 2010-2013 2010-present 2012-present 2013-present	<i>Past Positions</i> - Assistant Commissioner-General, Royal Thai Police - Advisor (Security and Special Tasks), Royal Thai Police - Deputy Commissioner-General, Royal Thai Police - Secretary-General, Narcotics Control Board, Office of the Narcotics Control Board - Director, MFC Asset Management PCL <i>Current Positions</i> - Independent Director and Chairman of the Corporate Governance Committee, Thai Oil PCL - Commissioner-General, Royal Thai Police - Independent Director, Thai Airways International PCL
He does not hold any current position as chairman, or executive director, or authorized director, or all of the aforementioned positions in other companies exceeding 3 business groups.						

Name/position	Age (yrs)	Education/training program	% of total shares	Family relationship between director and management	Period	Experience in the past 5 years Position/company
15. Mrs. Kannikar Chalitaporn - President - Member of the Executive Committee - Member of the Corporate Social Responsibility Committee	66	- Bachelor's Degree (Business), University of Colorado, U.S.A. - Advanced Management Program (AMP), Harvard University, U.S.A. - Role of the Chairman Program, Thai Institute of Directors Association	0.00%	None	2007-2011 2003-2012 2007-present 2007-present 2008-present 2009-present 2012-present	<i>Past Positions</i> - Advisory Council, Sasin Graduate Institute of Business Administration of Chulalongkorn University - Advisory Director, MasterCard International (Asia Pacific Region) <i>Current Positions</i> - Director, Blood Donation Supporting Committee, Thai Red Cross - Advisor, Sub-Committee of Voluntary Blood Donors, The Committee for Recruitment and Promotion of Voluntary Blood Donors, National Blood Center, Thai Red Cross Society - Director, Siam Commercial Foundation - Director, Miragayavan Palace Foundation - Advisor to the Fund Raising Sub-Committee, The Kindney Foundation of Thailand
She does not hold any current position as chairman, or executive director, or authorized director, or all of the aforementioned positions in other companies exceeding 3 business groups.						
16. Mr. Bodin Asavanich - Director - Member of the Executive Committee - SEVP, Group General Counsel	69	- LL.B., Thammasat University - Thai Bar Association - Master of Comparative Jurisprudence, New York University, U.S.A. - Master of Law, New York University, U.S.A. - Stanford Executive Program, Stanford University, U.S.A.	0.00%	None	2009-2012 2010-2013 2001-present 2005-present 2006-present 2006-present 2011-present 2012-present 2012-present 2012-present 2013-present	<i>Past Positions</i> - Trustee, Srinthorn International Institute of Technology - Director and Member of Nomination and Corporate Governance Committee, Shin Corporation PCL. <i>Current Positions</i> - Director, SCG Legal Counsel Limited - Legal Advisor, Elephant Reintroduction Foundation - Vice Chairman, Industrial Development Foundation, The Federation of Thai Industries - Senior Vice Chairman, The Federation of Thai Industries - Advisor to the President & CEO, The Siam Cement PCL. - Director, The Foundation for the Promotion of Social Sciences and Humanities Textbooks Project - Commissioner, Law Reform Commission on Private & Business Laws, Law Reform Commission - Sub-Commissioner, Sub-Commission on the Laws Concerning Logistics, Law Reform Commission - Member, Sub-Committee of the Law Development Committee, Responsible for Studying and Improving Laws that Unnecessarily Restrict Rights, Liberty, or Unduly Impose Burdens on Professions or Businesses
He does not hold any current position as chairman, or executive director, or authorized director, or all of the aforementioned positions in other companies exceeding 3 business groups.						

Name/position	Age (yrs)	Education/training program	% of total shares	Family relationship between director and management	Period	Experience in the past 5 years Position/company
17. Mr. Deepak Sarup - Chief Financial Officer and Senior Executive Vice President, Change Program - Member of the Executive Committee	58	- BA (Commerce)(Hons.) Delhi University - Diploma in Accounting (With Distinction), University of Westminster England - Fellow, Institute of Chartered Accountants in England and Wales (FCA) - Fellow, The Wharton School, University of Pennsylvania, U.S.A. - Certified Information Systems Auditors (CISA)	0.00%	None	2002-2008 2011-present	<i>Past Positions</i> - Senior Executive Vice President, Change Program and Chief Information Officer, Siam Commercial Bank PCL <i>Current Positions</i> - Director, Investment Committee Member/ SCB Life Assurance PCL
He does not hold any current position as chairman, or executive director, or authorized director, or all of the aforementioned positions in other companies exceeding 3 business groups.						
18. Mr. Yokporn Tantisawetrat - Senior Executive Vice President, Chief Risk Officer, Risk Management Group - Member of the Executive Committee	58	- Bachelor's Degree in Economics from Chulalongkorn University - Master's Degree in Economics from Thammasat University - Director Accreditation Program (DAP), Thai Institute of Directors Association (IOD) - Advanced Bank Management Program, Wharton University - Advanced Management Program, Harvard Business School - National Defense Course, National Defense College of Thailand (2004) - MBA in Enterprise Risk Management, Terrapinn Financial Training (2010)	0.00%	None	2003-2006 2006-2007 2007-2007 2008-present 2009-present	<i>Past Positions</i> - Executive Vice President, Chief Risk Officer, Risk Management Group, Siam Commercial Bank PCL - Senior Executive Vice President, Chief Risk Officer, Risk Management Group, Siam Commercial Bank PCL - Senior Executive Vice President, Chief Financial Officer, Finance Group, Siam Commercial Bank PCL <i>Current Positions</i> - Director, SCB Securities Co., Ltd. - Vice Chairman / Director, Vinasiam Bank
He does not hold any current position as chairman, or executive director, or authorized director, or all of the aforementioned positions in other companies exceeding 3 business groups.						
19. Mr. Yol Phokasub - Senior Executive Vice President, Group Head, Retail and Business Banking Groups - Member of the Executive Committee	52	- Bachelor's Degree (Hons.) in Computer Science and Software Engineering from Imperial College, University of London - Leadership Program, Capital Market Academy	0.00%	None	2006-2007 2012-2013 2009-present 2011-present	<i>Past Positions</i> - Chief Operating Officer and Board member of Dutchmill Group - Advisor, The Board of Investment of Thailand <i>Current Positions</i> - Chairman, SCB Assets Management Co., Ltd. - Vice Chairman, SCB Life Assurance PCL
He does not hold any current position as chairman, or executive director, or authorized director, or all of the aforementioned positions in other companies exceeding 3 business groups.						

Name/position	Age (yrs)	Education/training program	% of total shares	Family relationship between director and management	Period	Experience in the past 5 years Position/company
20. Mr. Arthid Nanthawithaya - Senior Executive Vice President, Group Head, Wholesale Banking Group	46	<ul style="list-style-type: none"> - Bachelor's Degree in Economics from Chulalongkorn University - MBA in Finance from Sasin Graduate Institute of Business Administration - Director Certification Program, Thai Institute of Directors Association - Director Accreditation Program, Thai Institute of Directors Association - Leadership Program , Capital Market Academy - Leadership Program, Office of the Attorney General - National Defense Course, Thailand Energy Academy - Leadership Program, Urban Green Development Institute 	-	None	<p>2006-2008</p> <p>2008-2009</p> <p>2009-2010</p> <p>2009-present</p> <p>2009-present</p> <p>2009-present</p>	<p><i>Past Positions</i></p> <ul style="list-style-type: none"> - Managing Director, Regional Head of Capital Markets, South East Asia, Standard Chartered Bank - Senior Executive Vice President, Group Head, Corporate Banking Group 2, Siam Commercial Bank PCL - Senior Executive Vice President, Group Head, Corporate Banking Group 2 and GMTS Group, Siam Commercial Bank PCL <p><i>Current Positions</i></p> <ul style="list-style-type: none"> - Chairman, SCB Securities Co., Ltd. - Director / Chairman of the Investment Committee, SCB Life Assurance PCL - Vice Chairman / Director, Vinassiam Bank
He does not hold any current position as chairman, or executive director, or authorized director, or all of the aforementioned positions in other companies exceeding 3 business groups.						
21. Mr. Sarunthorn Chutima - Senior Executive Vice President, Group Head, Special Business Group	55	<ul style="list-style-type: none"> - Bachelor's Degree in Accounting, Chulalongkorn University - MBA, Ohio University, U.S.A. - National Defence Course, National Defence College of Thailand (2007) - International Management Program, MIT Sloan School of Management, U.S.A. 	0.00%	None	<p>2003-2008</p> <p>2008-2009</p> <p>2009-2010</p> <p>2008-present</p> <p>2008-present</p> <p>2004-present</p> <p>2011-present</p> <p>2012-present</p> <p>2010-present</p> <p>2010-present</p> <p>2008-present</p> <p>2010-present</p> <p>2013-present</p>	<p><i>Past Positions</i></p> <ul style="list-style-type: none"> - Executive Vice President, Division Head, Corporate Banking Division 1, Siam Commercial Bank PCL - First Executive Vice President, Division Head, Strategic Clients Division 1, Siam Commercial Bank PCL - First Executive Vice President, Group Head, Special Situations Group, Siam Commercial Bank PCL <p><i>Current Positions</i></p> <ul style="list-style-type: none"> - Director, Nantawan Management Co., Ltd - Director, Nantawan Co., Ltd - Director, Donmuang International Airport Hotel Co., Ltd - Chairman, Siam Pitiwat Co., Ltd - Director, Premas (Thailand) Co., Ltd - Chairman and Managing Director, Rutchayothin Assets Management Co., Ltd - Director, Khamtieng Pattana Co., Ltd - Director, Rattana Court Co., Ltd - Director, Sarapee Gasikam Co., Ltd - Chairman, S.C.B. Staffs Savings Co-operative Ltd
He does not hold any current position as chairman, or executive director, or authorized director, or all of the aforementioned positions in other companies exceeding 3 business groups.						

Name/position	Age (yrs)	Education/training program	% of total shares	Family relationship between director and management	Period	Experience in the past 5 years Position/company
22. Mr. Vishwanath Pokka Prabhu - Senior Executive Vice President, Group Head, Technology and Operations	53	- Bachelor of General Law, University of Bombay, India - Bachelor of Commerce, University of Bombay, India - India Chartered Accountant, Institute of Chartered Accountants of India	-	None	1981-1980 1985-1988 1988-1989 1989-1992 1980-1996 1997-2002 2003-2005 2006-2008 2008-2010 2011-2012 2012-2013 2012-present 2012-present	<i>Past Positions</i> - Chartered Accountant, Financial Management, Audit and Consulting, Ford, Rhodes, Parks & Co - Chartered Accountants Accountants - Manager, System and Services, American Express - AVP/Head, Technology Operations/Chief Technology Officer, India Citibank N.A - CIO/SVP/VP and Systems Director, India - SVP/COO/Director, Operations, India - MD/Regional Head, Operations & Technology/COO, CEEMEA and Indian Sub-Continent - MD and Global Operations and Servicing Head, International Cards - EVP/MD/Head, Global Operations and Technology, Global Consumer Bank - EVP and COO, Int'l Operations and Technology Head, Global Consumer Group - Chairman and CEO/Founder Investor, aurionPro Solutions Limited - Non - Executive Chairman <i>Current Positions</i> Advisor, Upper Berkeley Advisor, Ses/Quest Asia Advisor
He does not hold any current position as chairman, or executive director, or authorized director, or all of the aforementioned positions in other companies exceeding 3 business groups.						

Educational background, work experiences, and records on attending relevant training programs of personnel responsible for Board's support

Name/position	Age (yrs)	Education/training program	% of total shares	Family relationship between director and management	Period	Experience in the past 5 years Position/company
1. Mrs. Kannika Ngamsopee - First Executive Vice President, Chief Audit and Compliance Officer	57	<ul style="list-style-type: none"> - Bachelor of Business Admin in Accounting (2nd Class Honors), Thammasat University - Bachelor of Laws, Thammasat University - Master of Science in Accounting, Thammasat University - M.M. SASIN Graduate Institute of Business Administration - Leadership Program, Capital Market Academy - National Defence Course, National Defence College of Thailand (2009) - Advanced Strategic Management IMD - ASM, Switzerland (2012) 	-	None	<p>2007-2010</p> <p>2002-2012</p> <p>2009-Present 2011-Present 2013-Present 2013-Present</p>	<p><i>Past Positions</i></p> <ul style="list-style-type: none"> - Executive Vice President, Chief Audit and Compliance Officer, Siam Commercial Bank PCL - Audit Committee Member, Finansa PCL. <p><i>Current Positions</i></p> <ul style="list-style-type: none"> - Director and Chairman of the Audit Committee, Vina Siam Bank - Director, Federation of Accounting Professions - Director, National Credit Bureau Co.,Ltd - Audit Committee, Sukhumvit Asset Management Co.,Ltd
2. Mrs. Siribunchong Uthayophas - Company Secretary	52	<ul style="list-style-type: none"> - BA (Hons) in Economics, Thammasat University - MBA, Sasin Graduate Institute of Business Administration - Director Certification Program, Thai Institute of Directors Association (IOD) - Company Secretary Program, Thai Institute of Directors Association (IOD) - Financial Institutions Governance Program, Thai Institute of Directors Association (IOD) 	0.00%	None	<p>2004-2012</p> <p>2012-Present</p> <p>2013-Present</p>	<p><i>Past Positions</i></p> <ul style="list-style-type: none"> - Senior Vice President, Manager, Board Secretariat and Shareholder Services Office, Siam Commercial Bank PCL <p><i>Current Positions</i></p> <ul style="list-style-type: none"> - Company Secretary, Board Secretariat and Shareholder Services, Siam Commercial Bank PCL - Company Secretary, SCB Life Assurance PCL

INFORMATION ON DIRECTORSHIP OF EXECUTIVES IN OTHER COMPANIES

AS OF DECEMBER 31, 2013

No.	NAME	POSITION	COMPANY
1	Mrs. Sutharntip Phisitbuntoon FEVP, Deputy Group Head, Business Banking	Director	Maxwin Builders Co., Ltd.
2	Mrs. Kannika Ngamsopee FEVP, Chief Audit and Compliance Officer	Chairman of the Audit Committee and Director	Vina Siam Bank
		Director	National Credit Bureau Co.,Ltd
		Audit Committee	Sukhumvit Asset Management Co.,Ltd
3	Mrs. Ongorn Abhakorn Na Ayuthaya FEVP, Division Head, Corporate Communications Division	Director	Imperial Technology Management Services PCL
		Director	Donmuang International Airport Hotel Co., Ltd.
4	Miss Phanporn Kongyingyong FEVP, Network Division	Director	The Siam Commercial Samaggi Insurance PCL
		Director	SCB Life Assurance PCL
5	Mr. Grish Attagrish FEVP, Division Head, Corporate Banking 2	Director and Member of the Audit Committee	United Standard Terminal PCL
6	Mr. Rungruang Sukkirdkijpi boon FEVP, Division Head, Customer Segment	Director	The Siam Commercial Samaggi Insurance PCL
		Director	National ITMX Co., Ltd.
7	Mr. Narong Srichukrin FEVP, Division Head, Auto Finance Business	Director	Siam Commercial Leasing PCL
		Director	SCB Life Assurance PCL
8	Mr. Thun Reansuwan FEVP, Division Head, RBG Strategy and BBG Strategy & Development	Director	SCB Asset Management Co., Ltd.
9	Miss Araya Phuphanich FEVP, Division Head, Credit Card and Personal Loan Division	Director	SCB Leasing PCL
		Director	SCB Plus Co., Ltd.
10	Mrs. Apiphan Charoenanusorn FEVP, Division Head, Management Services & Retail Operations Division	Director and Member of the Audit Committee	SCB Asset Management Co., Ltd.
		Managing Director	Siam Commercial Leasing PCL
		Managing Director	SCB Plus Co., Ltd.
11	Mr. Krieng Wongnongtaey FEVP, Division Head, Financial Reporting & Controls Division	Chairman	Mahisorn Co., Ltd.
		Director and Member of the Audit Committee	SCB Securities Co., Ltd.
		Director	Rutchayothin Assets Management Co.,Ltd.
		Director	SCB Training Centre Co., Ltd.
		Chairman	S.C.B. Staffs Savings Co-Operative Ltd.
		Director	Siam Commercial Leasing PCL
		Member of Board of Director	The Cambodian Commercial Bank Co., Ltd.
12	Miss Ellen Nora Ryan FEVP, Head of Market and Operational Risk	Director	SCB Asset Management Co., Ltd.
		Director	Cashel Risk Management (S) Pte Ltd
13	Mr. Worawat Suvagondha FEVP, Group Head, Human Resources Group	Chairman	SCB Training Centre Co., Ltd.

No.	NAME	POSITION	COMPANY
14	Mr. Pises Sethsathira	Director	Siam Commercial Leasing PCL
	EVP, Banking Finance 1 & Capital Market Division	Director	TRC Construction PCL
		Director	Pansiri Technology Co., Ltd
		Director	Thailand Iron Works PCL
		Director	Eternal Energy PCL
15	Mr. Sopon Asawanuchit	Director and Member of the Audit Committee	SCB Securities Co., Ltd.
	EVP, Head of Investment Banking	Director	Confident Capital Co., Ltd.
16	Mr. Smith Banomyong	Director	SCB Asset Management Co., Ltd.
	EVP, Wealth Division	Director	Major Development PCL
		Director	SCS Property Management Co., Ltd.
		Director	The Siam Commercial Samaggi Insurance PCL
17	Mr. Chanmanu Sumawong	Director	SCB Asset Management Co., Ltd.
	EVP, Banking Finance 2	Director	SCB Plus Co., Ltd.
18	Miss Pikun Srimahant	Director	Siam Pitiwat Co., Ltd.
	FEVP, Division Head, Mortgage Business		
19	Mr. Kiradit Arromdee	Director	Saimake Co.,Ltd.
	FEVP, Head of Credit Risk Management		
20	Miss Saranya Vajakul	Director and Member of the Audit Committee	SCB Asset Management Co., Ltd.
	EVP, Head of MIS and Client Services	Director	SCB Plus Co., Ltd.
21	Mr. Rungsi Vongkitbuncha	Director	UD Drugstore (2001) Co., Ltd.
	EVP, Division Head, Corporate Banking 4,5		
22	Mr. Manop Sangiambut	Member of Board of Director	The Cambodian Commercial Bank Co., Ltd.
	EVP, Head of International Banking Business		

Note: The above executives do not hold any current position as chairman, exective director, authorized director, or all of the aforementioned positions, in other companies exceeding 3 business groups.

POSITIONS HELD AS MANAGEMENT OF THE SUBSIDIARY

ASSOCIATED AND RELATED COMPANY UNDER THE NAME OF BOARD DIRECTORS

Name of director	Subsidiary company											Associated company	Related company		
	The Cambodian Commercial Bank Co., Ltd.	SCB Plus Co., Ltd.	SCB Training Center Co., Ltd.	Rutchayothin Assets Management Co., Ltd.	Mahisorn Co., Ltd.	Siam Phitiwat Co., Ltd.	SCB Asset Management Co., Ltd.	SCB Securities Co., Ltd.	Sor.Or.kor PCL ⁽¹⁾	Siam Commercial Leasing PCL	SCB Life Assurance PCL		Siam Commercial Samaggi Insurance PCL	Navuti Co. Ltd.	Thai Obayashi Corp. Ltd.
1 Mr. Anand Panyarachun															
2 Dr. Vichit Suraphongchai															
3 Mr. Maris Samaram															
4 Prof. Vicharn Panich, M.D.															
5 Mr. Chumpol NaLamleng													//		
6 Assoc. Prof. Dr. Kulpatra Sirodom															
7 Mr. Ekamol Kiriwat															
8 Mr. Prasan Chuaphanich															
9 Dr. Chirayu Isarangkun Na Ayuthaya															
10 Mom Rajawongse Disnadda Diskul											X	X	//		
11 Khunying Jada Wattanasiritham															
12 Ms. Supa Piyajitti															
13 Mr. Robert Ralph Parks															
14 Pol. Gen. Adul Sangsingkeo															
15 Mrs. Kannikar Chalitaporn															
16 Mr. Bodin Asavanich															
17 Mr. Deepak Sarup											//				
18 Mr. Yokporn Tantisawetrat															
19 Mr. Yol Phokasub							X								
20 Mr. Arthid Nanthawithaya								X							
21 Mr. Sarunthorn Chutima				X		X								//	
22 Mr. Banesh Prabhu															
23 Mr. Krieng Wongnongtaey	//		//	//	X			//	/						

Related companies which there are no the Bank's representative directors

1.Siam Panich SPV 1 Co., Ltd. ⁽¹⁾

2.Siam Sat Network Co.,Ltd. ⁽¹⁾

3.Siam Technology Service Co. Ltd. ⁽¹⁾

4.Siam Media and Communication Co. Ltd. ⁽¹⁾

5.WTA (Thailand) Co. Ltd. ⁽¹⁾

6.SG Star Properties Limited ⁽¹⁾⁽²⁾

7.Nipponkoa Insurance Broker (Thailand) Co., Ltd.

8.National ITMX Co. Ltd.

9.Siam Cement Myanmar Trading Ltd.

10.Thai U.S. Leather Co. Ltd. ⁽¹⁾

11. Nanachart Traders Consolidation Limited

Related companies which there are no the Bank's representative directors

- 1.Siam Panich SPV 1 Co., Ltd. ⁽¹⁾
- 2.Siam Sat Network Co.,Ltd. ⁽¹⁾
- 3.Siam Technology Service Co. Ltd. ⁽¹⁾
- 4.Siam Media and Communication Co. Ltd. ⁽¹⁾
- 5.WTA (Thailand) Co. Ltd. ⁽¹⁾
- 6.SG Star Properties Limited ⁽¹⁾⁽²⁾
- 7.Nipponkoa Insurance Broker (Thailand) Co., Ltd.
- 8.National ITMX Co. Ltd.
- 9.Siam Cement Myanmar Trading Ltd.
10. Thai U.S. Leather Co. Ltd. ⁽¹⁾
11. Nanachart Traders Consolidation Limited

Remark : X = Chairman // = Director / = Liquidator

⁽¹⁾ = Discontinued operations, in process of dissolution or in process of liquidation.

DIRECTORS OF SUBSIDIARY COMPANIES

Name of director	Subsidiary company											
	The Cambodian Commercial Bank Co., Ltd.	SCB Plus Co., Ltd.	SCB Training Centre Co., Ltd.	Rutchayothin Assets Management Co., Ltd.	Mahisorn Co., Ltd.	Siam Phitiwat Co., Ltd.	SCB Asset Management Co., Ltd.	SCB Securities Co., Ltd.	Sor.Or.kor PCL ⁽¹⁾	Siam Commercial Leasing PCL	SCB Life Assurance PCL	Siam Commercial Samaggi Insurance PCL
1 Mr. Na Bhengbhasang Krishnamra	X											
2 Mr. Permpoon Krairiksh	//											//
3 Mr. Manop Sangiambut	//											
4 Mr. Suriyah Termertmanuswong	//											
5 Mr. Aphisak Kiewkarnkha	//											
6 Mr. Yothin Pibulkasetkij	//											
7 Mr. Krieng Wongnongtaey	//		//	//	X			//	/	//		
8 Mrs. Apiphan Charoenanusorn		X					//		/	//		
9 Miss Araya Phuphanich		//										
10 Mr. Chanmanu Sumawong		//							/			
11 Miss Saranya Vajakul		//					//					
12 Mr. Worawat Suvagondha			X									
13 Mr. Seri Wattanavarangsikul			//		//	//						
14 Mr. Boonkiat Wisittigars			//		//							
15 Mr. Phansak Khaoprasert			//		//							
16 Mrs. Sasitorn Chaowai			//									
17 Miss Thanyatorn Kiriyapong			//									
18 Mr. Sarunthorn Chutima				X		X						
19 Mrs. Virasana Boonyasai				//								
20 Mrs. Pikun Srimahant						//						
21 Mr. Sakesom Srirungruangdeja						//						
22 Mr. Paiboon Tangkanokpairoj						//						
23 Mr. Somphop Amonrattanasak						//						
24 Mr. Yol Phokasub							X				//	
25 Miss Ellen Nora Ryan							//					
26 Mr. Thun Reansuwan							//					
27 Mr. Smith Banomyong							//					//
28 Mrs. Jotika Savanananda							//					
29 Mr. Arthid Nanthawithaya								X			//	
30 Mr. Yokporn Tantisawetrat								//				
31 Mr. Pises Sethsathira								//		//		
32 Mr. Sopon Asawanuchit								//				
33 Mr. Wasin Saiyawan								//				
34 M.L. Thongmakut Thongyai								//				
35 Mr. Montree Chotikapracal									/			

Name of director	Subsidiary company											
	The Cambodian Commercial Bank Co., Ltd.	SCB Plus Co., Ltd.	SCB Training Centre Co., Ltd.	Rutchayothin Assets Management Co., Ltd.	Mahisorn Co., Ltd.	Siam Phitiwat Co., Ltd.	SCB Asset Management Co., Ltd.	SCB Securities Co., Ltd.	Sor.Or.Kor PCL ⁽¹⁾	Siam Commercial Leasing PCL	SCB Life Assurance PCL	Siam Commercial Samaggi Insurance PCL
36 Mr. Wirutt Rattanaporn										//		//
37 Mr. Yuth Vorachattarn										//		
38 Mr. Narong Srichukrin										//	//	
39 Khunying Jada Wattanasiritham											X	X
40 Mr. Verachai Tantikul											//	
41 Mr. Deepak Sarup											//	
42 Ms. Phanporn Kongyingyong											//	//
43 Miss Amorntip Chansrichawla											//	
44 Mr. Vipon Vorasowharid											//	
45 Mr. Weerawong Chittmittrapap											//	
46 Mr. Utid Tamwatin											//	
47 Mrs. Oranuj Soongswang												//
48 Mr. Dechapiwat Na Songkka												//
49 Mr. Chiravuthi Bunyasiri												//
50 Mr. Rungruang Sukkirdkijpiboon												//

Remark : x = Chairman // = Director / = Liquidator

⁽¹⁾ = Discontinued operations, in process of dissolution or in process of liquidation.

REPORT OF BANK ORDINARY SHAREHOLDING OF DIRECTORS AND SENIOR MANAGEMENT

Name	as at 31 Dec 2013			as at 31 Dec 2012			Change Increase / (Decrease)
	Number of shares held by a director or a senior manager	Number of shares held by (a) related person(s) *	Total	Number of shares held by a director or a senior manager	Number of shares held by (a) related person(s) *	Total	
1. Mr. Anand Panyarachun Chairman of the Board, Independent Director, and Member of the Corporate Social Responsibility Committee	58,127	402,966	461,093	58,127	402,966	461,093	-
2. Dr. Vichit Suraphongchai Director, Chairman of the Executive Committee, and Member of the Corporate Social Responsibility Committee	-	-	-	-	-	-	-
3. Mr. Maris Samaram Independent Director and Chairman of the Audit Committee	-	-	-	-	-	-	-
4. Prof. Vicharn Panich, M.D. Independent Director and Chairman of the Corporate Social Responsibility Committee	-	-	-	-	-	-	-
5. Mr. Chumpol Na Lamlieng Independent Director and Chairman of the Nomination, Compensation, and Corporate Governance Committee	-	-	-	-	-	-	-
6. Assoc. Prof. Dr. Kulpatra Sirodom Independent Director and Member of the Audit Committee	-	-	-	-	-	-	-
7. Mr. Ekamol Kiriwat Independent Director and Member of the Audit Committee	-	-	-	-	-	-	-
8. Mr. Prasan Chuaphanich Independent Director and Member of the Audit Committee	-	-	-	-	-	-	-
9. Dr. Chirayu Isarangkun Na Ayuthaya Director and Member of the Corporate Social Responsibility Committee	-	-	-	-	-	-	-
10. M.R. Disnadda Diskul Director and Member of the Corporate Social Responsibility Committee	-	-	-	-	-	-	-
11. Khunying Jada Wattanasiritham Independent Director, Member of the Corporate Social Responsibility Committee, and Member of the Nomination, Compensation, and Corporate Governance Committee	-	-	-	-	-	-	-
12. Miss Supa Piyajitti Director and Member of the Nomination, Compensation, and Corporate Governance Committee	-	-	-	-	-	-	-
13. Mr. Robert Ralph Parks Independent Director and Member of the Nomination, Compensation, and Corporate Governance Committee	-	-	-	-	-	-	-
14. Pol. Gen. Adul Sangsingkeo Director and Member of the Nomination, Compensation and Corporate Governance Committee	-	-	-	-	-	-	-
15. Mrs. Kannikar Chalitaporn President, Executive Director, and Member of the Corporate Social Responsibility Committee	53,000	-	53,000	43,000	-	43,000	10,000

	Name	as at 31 Dec 2013			as at 31 Dec 2012			Change Increase / (Decrease)
		Number of shares held by a director or a senior manager	Number of shares held by (a) related person(s) *	Total	Number of shares held by a director or a senior manager	Number of shares held by (a) related person(s) *	Total	
16.	Mr. Bodin Asavanich Director, Executive Director, and Senior Executive Vice President, Group General Counsel	15,000	580	15,580	15,000	580	15,580	-
17.	Mr. Deepak Sarup Senior Executive Vice President, Chief Financial Officer, Finance Group and Change Program	15,000	-	15,000	-	-	-	15,000
18.	Mr. Yokporn Tantisawetrat Senior Executive Vice President, Chief Risk Officer, Risk Management Group	-	9,434	9,434	-	9,434	9,434	-
19.	Mr. Yol Phokasub Senior Executive Vice President, Retail and Business Banking Groups	10	-	10	10	-	10	-
20.	Mr. Arthid Nanthawithaya Senior Executive Vice President, Group Head, Wholesale Banking Group	-	-	-	-	-	-	-
21.	Mr. Sarunthorn Chutima Senior Executive Vice President, Group Head, Special Business Group	1,040	4,310	5,350	1,040	4,310	5,350	-
22.	Mr. Vishwanath Prabhu (Banesh) Senior Executive Vice President, Group Head, Technology and Operations	-	-	-	-	-	-	-

Remark * Related person(s) of directors or senior management include(s):

- (1) spouse and a minor child of director or senior management
- (2) a juristic person in which aggregate shareholding by directors or senior management and (1) exceeds 30 percent of the total number of voting rights of such juristic person.
- (3) a juristic person in which aggregate shareholding by directors or senior management, (1) and (2) exceeds 30 percent of the total number of voting rights of such juristic person.
- (4) a juristic person in which a person under (3) holds its shares and its shareholders in all levels of downward shareholding, beginning from the shareholder in the juristic person under (3), providing that shareholding in each level exceeds 30 percent of the total number of voting rights of the juristic person in the immediate lower level.

BANKING NETWORK

AS AT DECEMBER 31, 2013

Area Office		43 offices
Branch, all nationwide		1,173 branches
Bangkok and its vicinity	530 branches	
Upcountry	643 branches	
Overseas Branch		4 branches
Affiliated Bank		4 branches
Joint Venture Bank		10 branches
Representative Office		2 branches
Business Relationship Center: Medium Business		38 centers
Business Relationship Center: Small Business		37 centers
International Trade Service Center		47 centers
Foreign Exchange Service Center		108 centers
Bangkok	25 centers	
Tourist locations, upcountry	83 centers	
ATM		9,142 machines
Bangkok	2,807 machines	
Upcountry	6,335 machines	

REFERENCE INFORMATION

THE SIAM COMMERCIAL BANK PUBLIC COMPANY LIMITED

Type of business	Banking
Company Registration Number	0107536000102
Head Office	
Address:	9 Ratchadapisek Road, Jatujak, Bangkok 10900
Website:	www.scb.co.th
Tel:	66 2 544-1000
Fax:	66 2 544-2658
SCB Call Center:	66 2 777-7777
SCB Business Call Center	66 2 722-2222

REGISTRAR

Ordinary and Preferred Shares

Thailand Securities Depository Company Limited
62 The Stock Exchange of Thailand
Ratchadapisek Road, Klongtoey, Bangkok 10110
Tel: 0-2229-2800 and 0-2654-5599
Fax: 0-2359-1259

Siam Commercial Bank Subordinated Debentures No. 1/2012, due in 2022 which the issuer has the right to early redemption

Siam Commercial Bank Public Company Limited
9 Ratchadapisek Road, Jatujak,
Bangkok 10900, Thailand
Tel: 66 2544-1000 Fax: 66 2544-2658

Siam Commercial Bank Subordinated Debentures No. 2/2012, due in 2024 which the issuer has the right to early redemption

Siam Commercial Bank Public Company Limited
9 Ratchadapisek Road, Jatujak,
Bangkok 10900, Thailand
Tel: 66 2544-1000 Fax: 66 2544-2658

Senior Unsecured Notes USD 400 million 3.9% due November 2016

Deutsche Bank Luxembourg SA
2 Boulevard Konrad Adenauer
L-1115 Luxembourg Luxembourg

Senior Unsecured Notes USD 1,100 million 3.375% due September 2017

Deutsche Bank Luxembourg SA
2 Boulevard Konrad Adenauer
L-1115 Luxembourg Luxembourg

Fiscal Agent Senior Unsecured Notes USD 400 million 3.9% due November 2016

Deutsche Bank Trust Company Americas
60 Wall Street, 27th Floor
New York, New York 10005 United States

Senior Unsecured Notes USD 1,100 million 3.375% due September 2017

Deutsche Bank AG, Hong Kong Branch
Level 52, International Commerce Centre
1 Austin Road West, Kowloon Hong Kong
Deutsche Bank AG, Hong Kong Branch
Level 52, International Commerce Centre
1 Austin Road West, Kowloon Hong Kong

AUDITOR

Mr. Supot Singhasaneh
or Mr. Charoen Phosamritlert
or Ms. Pantip Gulsantithamrong

Certified Public Accountant (Thailand) Registration No. 2826
Certified Public Accountant (Thailand) Registration No. 4068
Certified Public Accountant (Thailand) Registration No. 4208

KPMG Phoomchai Audit Ltd.
Empire Tower, 50th-51st Floor,
195 South Sathorn Road, Yannawa, Sathorn, Bangkok 10120, Thailand
Tel: 0-2677-2000
Fax: 0-2677-2222

FOR SHAREHOLDERS

THE BANK'S SECURITIES LISTED ON THE STOCK EXCHANGE OF THAILAND

1. Common Shares, main board (SCB) and foreign board (SCB-F)
2. Preferred Shares, main board (SCB-P) and foreign board (SCB-Q)

Preferred Share Conversion

Exercise right	One preferred share converts into one common share
Exercise price	None
Term of preferred shares	The term of the preferential rights of the preferred shares was 10 years commencing on 10 May 1999 and the rights expired on 10 May 2009. However, the holder of preferred shares may continue to file an application for conversion of preferred shares into common shares during the period set by the Bank.
Conversion period	Every quarter

2014 SCHEDULE OF CONVERSION OF PREFERRED SHARES TO COMMON SHARES

Mar 14-28	: Application submission of SCB-P
Mar 31	: Exercise date for SCB-P
Jun 13-27	: Application submission of SCB-P
Jun 30	: Exercise date for SCB-P
Sep 15-29	: Application submission of SCB-P
Sep 30	: Exercise date for SCB-P
Dec 16-29	: Application submission of SCB-P
Dec 30	: Exercise date for SCB-P

CONTACT SCB INVESTOR RELATIONS AT

Investor Relations, Finance Group
The Siam Commercial Bank PCL, Head Office, Floor 19B
9 Ratchadapisek Road, Jatujak, Bangkok 10900
Tel +66 2 544-4358
Fax +66 2 544-2658
E-mail: investor.relations@scb.co.th
Website: www.scb.co.th

SUMMARY OF SPECIFIED ITEMS PER FORM 56-2

Topic	Page
1. Policy and business overview	3, 23, 29-30
2. Nature of business performance	26-42
3. Risk factors and risk management	45-50
4. General information	207-209, 234
5. Shareholders	204-206
6. Dividend policy	205
7. Management structure	23, 58-67
8. Corporate governance	53-67
9. Corporate social responsibility	Refer to Sustainability Report
10. Internal control and risk management	51, 72-73
11. Related transactions	70
12. Financial information	94-95, 97-108
13. Management discussion and analysis (MD&A)	75-88

The Siam Commercial Bank
Public Company Limited
Company Registration
Number 0107536000102
9 Ratchadapisek Road, Jatujak,
Bangkok 10900, Thailand

TEL +66-2544-1111
FAX +66-2544-2658
SCB CALL CENTER +66-2777-7777
TELEX 82876 SIAMCOM TH / 20492
SIAMBNK TH SWIFT BIC SICOTHBK

www.scb.co.th
www.facebook.com/scbthailand
www.twitter.com/scb_thailand

